

AMERICAN NEWS

US companies' ozone-friendly claims 'false'

By Nikl Tait in New York

FOUR consumer products companies have been accused of false advertising in labelling certain aerosol products as "ozone friendly".

The charges were made by Mr Mark Green, New York City Consumer Affairs Commissioner, at a Federal Trade Commission hearing in Washington.

Mr Green said the companies had misled consumers into believing their products were "ozone friendly".

The companies have until the end of the month to respond to the charges. However, one of the companies involved - Gillette - said yesterday it had already started to change its packaging, although it still maintained that the old form of package and previous claims were not misleading.

The companies and products involved include Revlon's Flex hairspray, S.C. Johnson's

Glade air freshener, Procter & Gamble's Sure and Secret antiperspirant, and Gillette's Right Guard deodorant. The commissioner argued that these products release hydrocarbons and quarrelled with claims that they were environmentally benign because they contained no chlorofluorocarbons (CFCs).

Gillette, however, defended its "Ozone-friendly - no CFCs" label. It did, however, start to amend this to "contains no CFCs" last autumn. The company said that introduction of the new labels inevitably took time, but that newly-labelled products should be on the supermarket shelves fairly soon.

The debate over "green" claims comes at a time when consumer product labelling generally is under sharp scrutiny in the US. The Food and Drug Administration, for example, has been moving against what it considers misleading health claims made by food companies.

Democrats renew presidential quest

By Lionel Barber in Washington

THE Democratic party is still searching for a heavyweight presidential candidate after Congressman Richard Gephardt's announcement that he will not run for the White House in 1992.

Mr Gephardt's decision opens up opportunities for lesser-known Democrats such as Senator Tom Harkin and Senator Jay Rockefeller. But President Bush's popularity remains a formidable deterrent to better-known aspirants such as Senator Al Gore or Governor Mario Cuomo of New York.

Mr Gephardt's decision had hoped that a strong candidate would emerge this summer to challenge Mr Bush. The idea was to launch an attack on his record on domestic issues such as education, health care and competitiveness, arguing that he has devoted too much energy to foreign affairs.

However, Mr Gephardt, a seven-term Congressman from Missouri and currently House Majority leader, has decided he stands more chance of winning in 1996 when President Bush, if re-elected next year, would have to stand down.

Democrats seem to be waiting for Mr Bush to succumb to a scandal such as the rumbling Iran-Contra affair or the administration's cosy relations with Iraq before the Gulf war, rather than mount a broad attack on his record.

More narrowly, Senator Rockefeller, pushing health care reform, Senator Harkin is also striking the theme of domestic neglect and Governor Bill Clinton of Arkansas has a good track record on education. But with 16 months to go to the election, the only declared runner is former Senator Paul Tsongas of Massachusetts.

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Cash-strapped US states turn to prevention

THE acute fiscal crisis facing US state and local governments is forcing several of the new governors elected last November to consider far-reaching reappraisals of programmes. Conventional ideas of what government should be doing in health care, education and prisons are being challenged.

The old cliché about the states being the "laboratories of democracy" is being revived as choice - especially as the political stalemate in Washington between the Republican White House and the Democrat-controlled Congress has prevented many federal domestic initiatives. The Reagan and Bush administrations have shifted more of the responsibility, and the financial burden, on to the 50 states.

The immediate pressure is financial - especially as, unlike the federal government, the states are legally obliged to run balanced budgets (with only limited leeway). Their current problems arise only partly because of the recession, though they have suffered from being dependent on sales taxes, which are especially sensitive to downturn.

More significant is a growing mismatch between spending and revenue. Spending on programmes and attempts to broaden the tax base. But most interesting have been the attempts by a number of governors, both Democrat and Republican, to launch more fundamental changes.

Republican Pete Wilson in California and Democrat Lawton Chiles in Florida (both former senators) have talked in almost identical terms of shifting the balance of social pro-



Chiles: sees no choice

health costs. Education spending is being pushed up by an expansion in the school-age population.

Widespread public demands for tougher sentences on violent criminals and the cocaine-related crime wave have boosted prison populations.

The response to growing deficits has been a mixture of layoffs of staff, all-round squeezes on programmes and attempts to broaden the tax base. But most interesting have been the attempts by a number of governors, both Democrat and Republican, to launch more fundamental changes.

Republican Pete Wilson in California and Democrat Lawton Chiles in Florida (both former senators) have talked in almost identical terms of shifting the balance of social pro-

grammes towards prevention. In his inaugural speech last January, Mr Wilson talked of the need to move from reaction and remedy to anticipation and prevention. As a first step, payments under the programme of aid to families with dependent children have been cut and some of the money has been used for targeted programmes for food stamps, pre-natal health care and pre-school services. This reverses the trend of the past 20 years, under which it has been believed to be more efficient to give specific cash grants than to set up service programmes.

Critics argue that some of this is gimmickry. California political analyst Bill Bradley has argued that the cuts in welfare are far larger than the increases in early child devel-

The growing mismatch between spending and revenue is forcing several of the newly-elected governors to consider some far-reaching reappraisals of programmes, writes Peter Riddell



Wilson: shift from remedy

opment and nutrition programmes.

But prevention is undoubtedly the current fashion. In Illinois, new Republican Governor Jim Edgar talks of "trying particularly to help those programmes that will prevent problems down the road, like early childhood education".

Moreover, even more radical reappraisals are likely to be needed, in particular in health assistance and prisons policy. In Florida, Governor Chiles has argued for both a break-up of the state's centralised bureaucracy, with a shift of responsibility downwards, and a change in its role. He sees no choice, because the Medicaid budget has doubled in two years. Doctors' fees and hospital costs have to be reined back, but he talks of getting in

on the front end in cheaper neo-natal care.

The state legislature has approved his plan for a preventive approach involving expanded access to pre- and post-natal care.

If Florida abandoned its early release programme, whereby inmates serve only a third of sentences, the current total of 43,000 prisoners would rise threefold by the end of the decade. Mr Chiles is pushing for more alternative and community-based punishments, such as local work camps and drug treatment facilities.

The same problems also apply at a city level, where cities such as New York and Philadelphia are in the throes of chronic budgetary crises, forcing cuts in services and growing pressures to contract out services to save money.

Food services and large construction projects are entirely contracted out, and janitorial services, waste collection and building maintenance have been privatised to a large extent in many cities.

At a state level, private companies have been brought in to manage prisons, roads, parks, commuter railways and hospitals.

Privatisation has gone furthest in the south and west, where unions are weakest, but is being resisted in some northern cities, notably New York, where public-sector unions remain strong and fiscal problems are acute.

Trade deficit widens

By Michael Prowse in Washington

A FALL in exports of capital goods led to a modest widening of the US trade deficit in May, the Commerce Department reported yesterday. However, recent trends remain encouraging.

The seasonally-adjusted deficit increased to \$4.6bn (\$2.8bn), compared with \$4.5bn in April. Exports fell by 0.5 per cent to \$55.5bn, more than offsetting a 0.5 per cent fall in imports to \$59.9bn.

Exports of capital goods fell by \$800m but half the decline reflected lower sales of aircraft, which move erratically on a monthly basis. A sharp rise in oil imports to \$4.6bn, compared with \$4bn in April, may have reflected higher demand associated with economic recovery.

The trade deficit has risen for two months running, having hit an eight-year low of \$4.1bn in March. Many analysts expect monthly deficits to widen as resumed growth stimulates imports and the stronger dollar curbs exports.

However, in the three months to May, exports were 3.5 per cent higher than in previous quarter and more than 7 per cent higher than in the same period last year.

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Sandinistas strive to avert rupture at first congress

By Tim Coone in Managua

THIRTY years ago this month, three idealistic young Nicaraguans sat together in the Honduran capital Tegucigalpa, and founded a revolutionary movement, the Sandinista National Liberation Front (FSLN).

Today, exactly 12 years after their ragged guerrilla army swept to power in Nicaragua ending 43 years of dictatorial rule, the FSLN is finally holding its first party congress. It will be a \$350,000, three-day affair being held in a luxury conference centre in the capital, Managua, with 580 elected delegates from all over the country.

Since the distant days of the early 1960s, the FSLN has become one of the most powerful left-wing parties on the Latin American continent.

Observers at the congress include Latin American leaders such as Joaquin Villalobos, the principal guerrilla leader of El Salvador's FMLN, Luis Ignacio de Silva ("Lula") the leader of the powerful PT in Brazil, and Venancio Cerezo, the leader of the Guatemalan Christian Democrat party. Their presence is indicative of the importance attached to the outcome of the congress.

The task facing the FSLN is to avoid a rupture in making the step from a military-style political organisation run on the lines of Leninist-inspired democratic centralism to becoming a modern democratic party. In practice, the self-appointed leadership has permitted little internal democracy until now.

However, the collapse of communist rule in eastern Europe and the FSLN's electoral defeat in 1990 seriously disrupted the party's finances, and weakened the leadership and their ideological cohesion.

Two clear tendencies have emerged which may clash this weekend. One is a moderate, social democratic-leaning tendency which feels it is moving broadly in step with the changes taking place elsewhere in the world. The other continues to espouse revolutionary tactics and strategies which could be summarised as "anything goes" including ignoring the constitution (which the Sandinistas wrote) if the situation demands. In congress jargon, this will be discussed as "the method of struggle".

Mr Daniel Ortega, ex-pres-

dent and party leader, has thrown his hat in with the latter. In a recent interview he bemoaned that his opponents outside the party "see in the constitution the opportunity to achieve what they failed to do with weapons".

To dissenters within the party he said: "Those that think that capitalism and imperialism are now the right way can sign up in one of the other 23 parties."

However, it is the crisis over party finance that has perhaps created the most serious moral and political dilemma.

The head of one FSLN-run radio station commented: "Two factions? I have calculated at least 13".

Unwilling to compromise with the Socialist International, the social democrat international alliance, and no longer able to rely on support from eastern Europe, the party leadership chose to secure the FSLN's own financial base by dipping their hands into the public purse and helping themselves.

In the final months of the FSLN government, large quantities of land, farms, houses, businesses, vehicles, even office typewriters, passed from the hands of the state to party militants. It is still unclear to what extent this was done for personal benefit, or specifically to finance the party bureaucracy.

In private, many FSLN members are deeply concerned over the effect that the "pinista" as it has been referred to locally, has had on the FSLN's image and its moral authority to speak in the name of the poor. However, few appear willing to break ranks and wash the party's dirty linen in public.

In the lead-up to the congress there have been vitriolic exchanges in the Sandinista-run media. The question is whether the congress can prevent them from leading to an eventual rupture of the party. As the head of one FSLN-run radio station commented: "Two factions? I have calculated at least 13".

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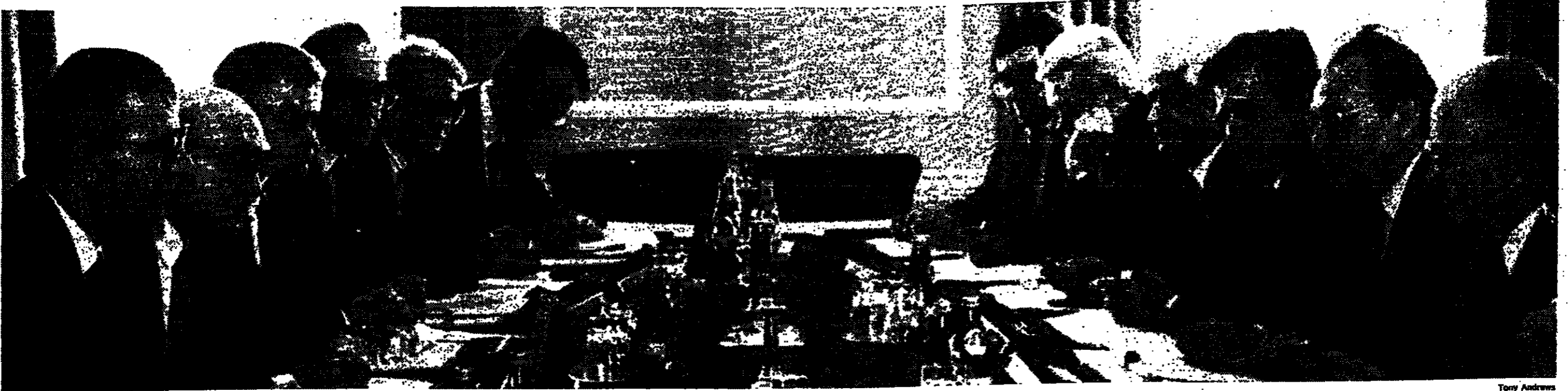
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THE LONDON SUMMIT

Ready for the kick-off . . . British and Soviet teams face across the cabinet table at Number 10 yesterday



Tony Andrews

Western officials wonder how best to 'offer help and advice' to Soviet Union

G7 deals institutions a blank card

By John Lloyd

BOTH President Mikhail Gorbachev and the Group of Seven industrialised countries termed their joint agreement, unveiled on Wednesday, as historic - for their own public relations reasons. But there are two groups whose reaction will be less euphoric. These are the people of the Soviet Union and the world economic institutions, which must now under the terms of the agreement, "offer help and advice".

In committing itself to assist the integration of the Soviet Union into the world economy, the G7 has been carefully vague on details. It has not said that the International Monetary Fund and the World Bank (the leading institutions involved) should work out a reform plan with the Soviets.

Instead, it stressed merely that technical assistance should be intensified within a "special association", between the Soviet Union and these institutions, which has itself not been defined.

What then are they now to do? One plan, mooted by British officials, is that Mr Michel Camdessus, IMF managing director, should take personal

charge of the western side of the "special association", and organise the joint work between his own and Soviet experts on specific projects. This would release the Fund from the constraints it now has - and against which Mr Camdessus has chafed - and allow it to grasp fully the problem of executing Soviet reform, under Soviet direction.

The "special association" may be a way which the G7 has chosen to indicate that it wishes the Soviet Union to proceed to full membership as soon as possible. But until that is granted, the Fund can disburse no funds. If money is required quickly - and the plunging production in the Soviet economy points to a need for emergency funds soon - the governments of the G7, or the enlarged Group of 24, will have to give government-to-government loans, perhaps geared to an IMF programme which the IMF itself cannot fund.

Professor Stanley Fischer, former chief economist to the World Bank and one of the authors of the "Window of Opportunity" plan for the

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Soviet Union, said yesterday: "I hope that the Fund and the Bank will be able to go into the Soviet Union quickly and do an outline programme in two months, and get it moving."

It is clear that, sooner or later, the subject of financial assistance must be mooted. Mr John Major, the British prime minister, said that rouble convertibility had been discussed, but aid for this in the form of a stabilisation fund was not raised. "Financial assistance is a long way ahead," he said. Rouble convertibility cannot sensibly be effected until a

macroeconomic stabilisation programme, and an attack on the burgeoning budget deficit, is under way. Thus such a fund, which would put the largest call on western aid, is indeed some time distant.

But Mr Gorbachev must live through the months until a fund becomes possible - and must live through it unaided. On his return, he will face huge scepticism. At the core of his problems is not so much the modest scale of what he can offer his people, but the massive loss of power which preceded his visit to London.

In agreeing with the republics that there need be no federal tax, in not enforcing bank regulations which would give the central bank some authority, and in leaving vague the division of responsibilities between republics and union, he has given away most of the instruments which a central state needs to make it a state.

The calculation thus being made by the economic institutions is one which is much less favourable to the president than the public declarations of the G7. They are wondering privately whether there will be

a union government in the medium term with which to do business.

Both G7 and the institutions are looking for a union treaty to bring coherence where none now exists. But the present balance of power suggests they may wait in vain.

Mr Gorbachev will soon have to face two different sets of critics with the same analysis. The first are the government ministers and the deputies in the Union parliament, both of whom think he has given away far too much power and has rendered their positions impossible. The second are the leaders of the republics, who think the same thing and in varying degrees welcome it - or at least must now make what shifts they can within the new situation.

Below them both are the Soviet people, who may have thought that Mr Gorbachev would come back with relief for their hard lives but will quickly grasp that he has in the short term, merely agreed a "historical landmark" which will allow foreign experts to look, yet again, at their crumbling economy.

Muscovites take it all calmly

By Leyla Boulton in Moscow

MUSCOVITES reacted yesterday with a mixture of indifference, relief and "I told you so" to news that President Mikhail Gorbachev had failed to get cash handouts from the Group of Seven.

"Thank God people on the other side of the border continue to act rationally," said Mr Konstantin Borovoy, head of a union of Soviet-style commodity exchanges. He reflected widespread fears among the country's emerging entrepreneurs that the Communist government headed by Mr Gorbachev would simply squander any large-scale financial assistance.

For the man on the street, the fact that Mr Gorbachev walked away empty-handed was no bad thing, either, with most saying that Russians should rely on themselves first and foremost.

"Whether or not we receive help, let Russians work to get out of this crisis themselves," said Mr Nina Kislyova, a 60-year-old pensioner. "We have been in worse situations and we will overcome this as well."

Many favoured the "black hole" theory. "As long as the country remains in the mess it is now, money will just disappear," said Mr Nikolai Kondratyev, a factory worker. Mr Valentin Pavlov, the Soviet prime minister, said that for him western advice and evaluations "were not the highest criteria" in drawing up economic reform.

Speaking in The Hague, he interpreted Mr John Major's suggestion that a special G7 summit might be called on Gatt this autumn, if the talks looked like falling again, as a sign that world leaders really intended to "keep a close eye" on the trade negotiations. He was sure the British premier did not intend to "let the pressure off the negotiators", who otherwise might think that all could be left to the seven heads of government.

Mr Dunkel said he read signs of "clear movement" into the G7 communiqué, because key leaders were ready to signal a transatlantic trade-off in cutting tariffs and talk of a proper framework for farm trade reform - the principal obstacle to completion of the round.

In Geneva, however, the response of Uruguay Round negotiators yesterday was weighted with scepticism, while they welcomed the personal commitment by the G7 leaders to conclude the talks successfully by the end of 1991.

Mr Major's special summit suggestion was seized on by Tran Van Thinh, head of the EC delegation to Gatt. He said it was "the only sensible thing to come out of the summit because, compared with the language of the communiqué which reiterated traditional

Learning to speak in market language

By Peter Norman, Economics Correspondent

PRESIDENT Mikhail Gorbachev's visit to London will mark the start of a crash course in the ways of the market economy for the Soviet Union's officials and people.

The talks on Wednesday between the Soviet president and the leaders of the Group of Seven summit countries, and between the G7 finance ministers and senior Soviet officials, convinced westerners present that the Soviet authorities are serious in wanting to adopt the west's economic ways but have a great deal to learn.

"You get the impression that these people do believe the words that they are uttering," said Mr Nicholas Brady, the US Treasury secretary yesterday. "The problem is that with a society going back hundreds of years that has not had a commercial base, it is difficult for them to translate some of the thoughts they believe in into practical terms."

The differences in understanding became apparent in Wednesday's talks between the Soviet delegations and the G7. "When we hit a difficult problem, the Soviets would tend to come up with non-market solutions," a British official said. When discussing shortages, for example, Soviet officials would suggest rationing rather than improving the supply side of the economy.

The G7 countries hope that the Soviet Union's "special association" with the International Monetary Fund will overcome such mental blockages. According to Mr Brady, it could "jump start" the process of moving from the command to the market economy.

However, he acknowledged that it would take time for Soviet officials to adjust to the often arcane vocabulary of institutions such as the IMF and World Bank.

Developing a common understanding was crucial to the Soviet Union securing investment from abroad. Another key issue was that the Soviet Union should sort out the division of competence between the centre and the republics.

The US Treasury was currently experiencing problems in negotiating an investment and tax treaty with the Soviet Union because of such uncertainty, Mr Brady said. The Chevron group was having problems with an oil deal in Kazakhstan because it did not know whom to pay taxes to or how to repatriate funds.

However, Mr Brady was optimistic that the Soviet Union would master the gulf of economic understanding with the west in the same way that its negotiators mastered the terminology of arms reduction.

"When you get to these kinds of discussions with them, they say: 'What's our alternative? We have no choice. There's no turning back. We've made the commitment.'"

positions, it gave a convincing signal of commitment". However, one veteran trade diplomat said: "The politicians say clearly still out of touch with the actual state of the negotiations here." Others stressed that the communiqué gave no hint of a new approach to the deadlock over reform of world farm trade.

In part, negotiators' scepticism is based on experience of political leaders' failure to translate statements of intent into clear negotiating instructions. It stems, also, from the fact that, as one diplomat said, "99 per cent of the passage on the round in the communiqué was taken straight from the text prepared in advance."

Most negotiators accept that nothing will happen in Geneva

'Doing business' with Gorbachev enters new phase

By Anthony Robinson, East Europe Editor

BEFORE "glasnost" transformed the Soviet press and "new thinking" opened new doors for Soviet diplomacy, the UK was usually depicted in Soviet political cartoons as a mangy lion with a ragged Union Jack on its tail.

The beast made increasingly infrequent appearances as the Thatcher era progressed, and virtually disappeared after the lion successfully bared its fangs over the Falkland Islands. Then Mrs Margaret Thatcher talent-spotted Mikhail Gorbachev as "a man we can do business with". A special relationship was forged which lasted until an astonished Soviet people heard that the lion of popular capitalism had been removed.

That relationship still lingers, as Mr Gorbachev will make clear today when he calls on the "Iron Lady", after his meeting with Mr Neil Kinnock. But this week, the concept of "doing business" with President Gorbachev and the Soviet Union has taken on a qualitatively different significance with the meeting between the heads of the seven most powerful industrial countries and the beleaguered head of the disintegrating Soviet state.

After Mr John Major, the British prime minister, bade farewell to his other G7 guests yesterday he turned his attention back to Mr Gorbachev and to UK-Soviet relations.

The G7 leaders' decision to call on the international financial institutions to provide technical assistance to build up market institutions reflects on a larger scale the existing UK approach symbolised by the "know-how" fund. This was set up last year to help eastern Europe and the Soviet Union acquire skills in a broad field of interconnecting service industries vital to contemporary market economies. The £20m originally allocated for projects in the Soviet Union has been increased to £40m.

On the trade front, UK exports, which fell from \$682m in 1989 to \$506m last year, have dropped sharply this year. This is partly due to the overall 37 per cent contraction in Soviet imports from the west, but also to the decision of the Export Credit Guarantee Department (ECGD) in February to suspend cover on medium- and

long-term trade credits pending what was originally billed as "a routine review".

UK figures for the first five months of this year show that UK exports to the Soviet Union slumped to £140m from £354m in the same period last year. Imports, mainly petroleum products and raw materials, were virtually unchanged at £319m.

The suspension of ECGD cover followed a sharp rise in payment arrears, even to companies which had been trading with the Soviet Union for decades. During his visit to Moscow earlier this year, Mr Major raised the question of non-payment for many exports not covered by guarantees from the Vneshekonbank, the foreign trading bank.

He has ordered a thorough review of the credit situation and ECGD policies. Earlier this week Mr Vladimir Shcherbakov, the first deputy prime minister, said that British companies had lost potential orders worth £1.5bn to German, Italian, French and Japanese competitors in recent years, through what he called their excessive caution.

British companies are attached to the simple, old-fashioned idea that goods and services delivered should be paid for. This partly reflects the apparently greater reluctance of the UK Treasury to foot the ultimate cost of unpaid bills than its Italian or German equivalents.

But prompt payment is one of the key "rules of the game" which Mr Gorbachev and the Soviet Union have now promised to abide by.

CANADA made a goodwill gesture to Mr Gorbachev yesterday by ending a six-month freeze on food credits. Reuter reports. The aid worth C\$150m (\$79m) was stopped after a Soviet crackdown in the Baltic republics in January.

"Canada does not recognise the Soviet position on the Baltics, but we've received constructive undertakings," said prime minister Brian Mulroney. He also announced a programme of assistance in energy, farming and the environment.

long-term trade credits pending what was originally billed as "a routine review".

UK figures for the first five months of this year show that UK exports to the Soviet Union slumped to £140m from £354m in the same period last year. Imports, mainly petroleum products and raw materials, were virtually unchanged at £319m.

The suspension of ECGD cover followed a sharp rise in payment arrears, even to companies which had been trading with the Soviet Union for decades.

During his visit to Moscow earlier this year, Mr Major raised the question of non-payment for many exports not covered by guarantees from the Vneshekonbank, the foreign trading bank.

He has ordered a thorough review of the credit situation and ECGD policies.

Earlier this week Mr Vladimir Shcherbakov, the first deputy prime minister, said that British companies had lost potential orders worth £1.5bn to German, Italian, French and Japanese competitors in recent years, through what he called their excessive caution.

British companies are attached to the simple, old-fashioned idea that goods and services delivered should be paid for. This partly reflects the apparently greater reluctance of the UK Treasury to foot the ultimate cost of unpaid bills than its Italian or German equivalents.

But prompt payment is one of the key "rules of the game" which Mr Gorbachev and the Soviet Union have now promised to abide by.

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1990 HIGHLIGHTS

The AGM of Banca Popolare di Milano, chaired by Prof. Piero Schlesinger, was held on April 20, 1991. The meeting approved the financial statements for 1990, the Bank's 125th anniversary year.

Satisfactory growth was confirmed by the performance of leading aggregates:

Customer deposits	US \$ 11,102 million	+ 4.3%
Total assets administered	US \$ 35,394 million	+ 9.8%
Loans to customers	US \$ 10,055 million	+ 40.1%
Total loans and advances	US \$ 15,862 million	+ 16.1%

RATE AT DECEMBER 31, 1990

The rise in lending was also reflected in the results of operations. The interest margin rose more than 13%, while the contribution margin was up 15.2% at US \$ 1,021 million. Operating income, US \$ 182 million (+11.3%), is stated net of depreciation totalling US \$ 68 million and provisions for loan losses of US \$ 114 million (+41%).

In the absence of substantial exceptional charges, net income amounted to US \$ 134 million after taxation of US \$ 48 million.

As a result of progressive expansion, the Bank had 212 branches throughout Italy by the end of 1990.

Openings during 1990 involved the Venetian regions, Emilia and Lombardy, together with new branches in Bari,

Genoa and in the Roma area. In terms of international affairs, the highly active London Branch of Banca Popolare di Milano is now fully operational alongside the well-established Branch in New York.

A series of capital stock increases authorized in 1988 was completed in 1990 with the injection of a further US \$ 58 million. As of year end, stockholders' equity totalled US \$ 1,295 million (+9.4%). A further series of increases was authorized at an extraordinary meeting held on February 5, 1991.

The dividend for the year of US \$ 0.41 per share is unchanged, however the number of issued shares has increased to about 158 million (145 million at the end of 1989).

1865-1990
125
years

Banca Popolare di Milano

INTERNATIONAL NEWS

Tokyo Big Four face compensations probe

By Robert Thomson in Tokyo

INVESTIGATORS from Japan's Ministry of Finance yesterday inspected records at the four leading securities houses, Nomura, Daiwa, Nikko and Yamachichi, as part of a hunt for further information about the brokers' compensation of favoured clients for trading losses.

A special team of 44 ministry officials has been assembled for the investigation, including eight inspectors from the banking bureau, which has traditionally been a rival within the ministry to the securities bureau.

The four companies have admitted to compensating 226 clients for a total of ¥128.8bn (\$866m) in trading losses up to March 1990, and the investigators are looking for evidence that the brokers had promised to compensate clients and for signs that compensation has continued since March last year. It is a breach of the Securities and Exchange Law for brokers to guarantee to compensate before a transaction, but the four houses have argued that trading losses were reimbursed on their initiative.

However, the ministry had told companies not to compensate clients and it maintains it was unaware until recently that this guidance had been ignored.

All four houses were penalised with a four-day suspension of trading in their corporate divisions, while the presidents of Nomura and Nikko resigned after admitting that their affiliates had provided funds to a gangster group.

Meanwhile, the ruling Liberal Democratic party said that executives at the four houses would not be called before a parliamentary finance committee next week to explain their behaviour.

Opposition parties had demanded that Mr Setsuya Tabuchi, the Nomura chairman, answer the committee's questions, and Mr Tabuchi hinted that he would identify some of the 226 compensated clients.

The LDP has decided that only Finance Ministry officials will be required to appear before the committee.

Opposition MPs claimed the ruling party feared that brokers' executives could embarrass its corporate supporters and that LDP officials could also be implicated in the scandal.

A union representing workers in the securities industry, the National Federation of Securities Workers' Union, yesterday sent letters to the Finance Ministry and the Japan Securities Dealers' Association. The letters urged them to make public all information related to the loss compensation scandal.

Companies named in secrets case

A CONTROVERSY over the alleged theft and sale of industrial secrets from Komatsu, Japan's leading construction equipment maker, widened yesterday when police indicated that about 14 Japanese heavy equipment makers were in possession of the Komatsu material, Robert Thomson reports.

Police arrested a 51-year-old man on Tuesday on suspicion of illegally entering Komatsu premises and the alleged theft of sensitive product and pricing information. Officials at a rival forklift company, Toyo Unipanki, have been questioned about how they obtained secret information about Komatsu and their relationship to the arrested man.

It is alleged the man received at least ¥10m (\$66,000) for the information, but it is unclear whether one or all 14 companies implicated paid him for information. Officials at Toyo Unipanki have admitted they knew him and received material from him, but say they were unaware of illegal activities.

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Riot police block the march of about 6,000 demonstrators protesting over oil prices near Manila's presidential palace yesterday

Kuwait fears a flight of capital

KUWAIT'S central bank, fearing a flight of capital out of the country, has urged depositors not to dump dollars for dollars after restrictions on cash withdrawals are lifted on August 3, Reuters reports from Kuwait City.

The bank's governor, Sheikh Salem Abdul-Aziz al-Sabah, said yesterday that the government was committed to defending the dinar against leading foreign currencies.

"The monetary policy pursued is a balanced policy aimed at preserving the value of the dinar against other currencies," he said in a statement published in al-Watan newspaper.

Economists predict the lifting of restrictions could prompt a stampede for dollars. They say the central bank will have to support the banks to stop them collapsing under the weight of withdrawals.

The governor advised residents not to rush to buy foreign currencies as there was no risk of a dinar devaluation.

But Mr Baker, who will go on to Egypt, Jordan, Saudi Arabia and Israel, said earlier in the week that he still faced many hurdles. Chief among them will be persuading Mr Yitzhak Shamir, Israel's hard-line prime minister, to accept the US compromise he abruptly rejected last month.

Syria's move has also put Mr Baker under new pressure to secure Israeli concessions or

Baker in new Mideast talks

MR James Baker, US secretary of state, met President Hafez al-Assad in Damascus yesterday as Syria called for international peace talks with its Arab foes, Reuters reports.

Conscious that his Middle East peace initiative was now at a crucial stage, Mr Baker and his aides would neither brief reporters on his aircraft from London nor speak to journalists in Damascus.

Mr Baker's fifth mission to the region since the end of the Gulf war was prompted by Syria's unexpected acceptance last Sunday of US compromise proposals on arrangements for a Middle East peace conference.

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Syria's move has also put Mr Baker under new pressure to secure Israeli concessions or

face the charge that the US still applies a double standard - going to war to drive Iraq from Kuwait while tolerating Israel's 24-year occupation of the West Bank, the Gaza Strip and the Golan Heights in Syria.

President Assad's key compromise was to accept that a United Nations observer to a peace conference would not have speaking rights. He had earlier insisted on a significant UN role. He also agreed that the conference would not be reconvened unless all the parties agreed.

Mr Shamir still wants the conference to be a purely ceremonial one-day event that could not be reconvened and rejects even a silent UN presence because of what he sees as the world body's ingrained anti-Israel bias.

Mr Baker said that Mr Assad's letter to President George Bush accepting the two points also contained numerous other proposals and he needed to know if these constituted new conditions for participation in the conference.

● An Israeli judge said yesterday the riot on Jerusalem's Temple Mount last October which culminated in the fatal shooting of 17 Palestinians was sparked by the accidental discharge of a police teargas canister, not by Arab demonstrators as an earlier government-appointed inquiry had ruled, writes Hugh Carnegie in Jerusalem.

Judge Ezra Kama, conducting a statutory judicial inquiry into the incident, bore out accounts by Palestinian witnesses at the time that rioting began after a police teargas canister had landed close to a group of Arab women on the sacred mount, or Haram as Sharif, as Moslems call it. Judge Kama said the canister fell accidentally and rolled towards the women.

The earlier official inquiry, condemned as a whitewash by Palestinians, said the incident began when Arab demonstrators threw stones at Jewish worshippers at the Western, or Wall, beneath the mount. That occurred only after the teargas grenade had already left the area, Judge Kama said.

Lebanese groups issue warning over hostages

A Lebanese group which holds two American hostages warned yesterday of "drastic consequences" unless two Lebanese Shia Moslems jailed in Germany were treated well and freed, Reuters reports from Beirut.

In a statement accompanied by a new photograph of American, Mr Terry Anderson, Islamic Jihad said that if Germany followed American and "Jewish" policies it would only suffer heavy losses.

The group said Mohammad and Abbas al-Hamadi were subject to assassination attempts and psychological and physical torture in Germany, where they were jailed for hijacking and kidnapping.

Pakistan tones down bill to give PM more powers

Mr Nawaz Sharif, the Pakistani prime minister, has toned down a proposed constitutional amendment seeking to give him more powers to fight a crime wave, political sources said yesterday, Reuters reports from Islamabad.

The prime minister agreed at a meeting of his ruling Islamic Democratic Alliance (IDA) on Wednesday to make the amendment bill milder to appease dissenters inside and outside the IDA and ensure its passage by parliament, the sources said.

The bill has not been published, but IDA sources said previous drafts sought extraordinary powers for paramilitary forces in disturbed areas and would bar courts from challenging their action.

Sprinting 'corpse' goes on trial

A man who was paraded around as a corpse in the Cameroonian port of Douala by anti-government protesters went on trial yesterday for faking death, Reuters reports from Yaounde.

Mr Abel Biyaga was arrested after 500 demonstrators bore his inanimate body through army roadblocks on Monday afternoon. "You shot him," Mr Biyaga allegedly leaped from a cart and sprinted away when soldiers started firing into the air.

Cambodia peace 'now in sight'

REPRESENTATIVES of the five permanent members of the United Nations Security Council said yesterday that a lasting peace for Cambodia was now in sight, but gave a warning that serious problems were blocking agreement to end 12 years of civil war, Reuters reports from Beijing.

The five permanent members - the US, the Soviet Union, Britain, France and China - together with Indonesia, ended a two-day meeting on Cambodia in the Chinese capital with a joint statement expressing cautious optimism.

The four warring Cambodian factions had made significant progress toward a settlement at recent meetings in Indonesia and Thailand and at their latest round of discussions in Beijing, which ended on Wednesday, the statement said.

The UN meeting agreed to a request by the Cambodian factions to recommend a mission to Cambodia to study how the UN could monitor a ceasefire.

Sri Lanka battle in ninth day

GOVERNMENT troops fought hand-to-hand battles with Tamil separatist guerrillas struggling to capture a strategic army camp in northern Sri Lanka, military sources said yesterday, Reuters reports from Colombo.

About 300 rebels and 19 soldiers were killed in fighting on Wednesday about 5km from Elephant Pass where the camp is under rebel siege, they said.

"In the hand-to-hand fights our men killed some of the terrorists with the butts of their guns," said an army officer who returned from the front to a base camp on Wednesday night. No independent confirmation of the figures, or of the nature of the fighting, was available.

Elephant Pass links Jaffna peninsula, a rebel stronghold, to the rest of Sri Lanka.

The Liberation Tigers of Tamil Eelam, trying to set up a homeland for minority Tamils in the north and east, began assaulting the camp and its 300 defenders on July 10.

Both sides have since brought in reinforcements. Rebel radio transmissions described the battle at Elephant Pass as the biggest since the Tigers began fighting for a separate state eight years ago.

The state-run news agency Lankapuvath quoted official sources as saying on Wednesday that 35 women rebel fighters were among those killed.

Wednesday's fighting raised the estimated death toll to 650 rebels and 60 soldiers in and around Elephant Pass in the past eight days, military sources said.

About 2,000 soldiers backed by air cover landed by sea on a beach at Chundikulam, about 12 km east of the camp last Sunday in an attempt to break the siege.

World Bank and IMF agree to help end India's crisis

By KK Sharma in New Delhi

THE International Monetary Fund and other international agencies and bilateral donors are to provide immediate joint assistance to help India overcome its balance of payments crisis.

India is struggling with a \$71bn foreign debt, with its treasury depleted of foreign exchange and bankers abroad refusing to extend credit.

Mr Michel Camdessus, managing director of the IMF, apparently heartened by recent economic policy reforms, said in Washington that he has asked the executive board to give an immediate loan of \$220m from the compensatory and contingency finance facility (CCFF).

The World Bank is expected to chip in with another \$150m for a fast disbursement scheme, to which Japan will add \$100m for a project to stop flaring of natural gas in the rich Bombay High offshore oilfield.

With something like \$500m expected to flow in through these sources in the next week or 10 days, India should be able to meet its international repayment obligations in the coming weeks.

This suggests that the almost frantic efforts made in the past few months to prevent India from being declared a defaulter are likely to succeed, although the position will remain delicate until a larger long-term IMF loan is made available after a little over two months.

Preliminary talks on this have already been held and

will be resumed after the government presents its annual budget next Wednesday. This should clear the way for a standby credit from the IMF.

Mr Camdessus, in an interview published in the Times of India yesterday, said further IMF assistance was likely to take the form of a standby arrangement over three years.

The drawing under the standby arrangement could amount to \$2m special drawing rights, or about \$2.5m.

If all goes well, the loan might be finalised by the end of September or early October. Meanwhile, India is continuing its own efforts to raise funds, including the shipment of gold from its reserves to the Bank of England as collateral for raising loans. After some Indian newspapers reported yesterday that more gold had been shipped to London, the Reserve Bank issued a statement confirming that it had sent a total quantity of 46.9 tonnes to London in four shipments.

This is the maximum permitted under the Reserve Bank of India Act for holding part of India's gold reserves abroad.

The government hopes to be able to raise about \$450m against the gold. The Reserve Bank announced yesterday that India's foreign exchange reserves stood at \$26.95bn on July 17, or roughly \$1bn at the rate of the rupee after it was devalued last week.

The Bank said that with the inflow of aid receipts, export proceeds and remittances from non-resident Indians, "all debt service and other obligations will be fully met".

Creating a free trade alliance, but Malaysia has been forced to water down the concept in the face of uncertainty among the other Asean members - Brunei, Indonesia, the Philippines, Singapore and Thailand.

The group is divided by individual national priorities and vastly contrasting levels of economic development and political systems.

Bilateral frictions have been marked in recent months by armed incursions along the Malaysian-Thai border, by the arrest of Malaysian government officials in Thailand allegedly for stealing timber, and by the establishment of a Malaysian tourist resort on a South China Sea island claimed by Indonesia. However, these are not likely to loom large in the deliberations.

The Asean ministers will seek to reach a consensus position on a new grouping. Without this, there would be no prospect of learning the attitude of Japan, whose involvement would be crucial to its success.

Tokyo's hesitancy as well as US displeasure at the idea made it necessary for Malaysia to re-present the EAEG as a consultative group contributing ideas to international trade forums.

An Asean consensus would be presented to its members' main trade partners at meetings in Kuala Lumpur starting on Monday. These are with foreign ministers of Asean's "dialogue partners", Australia, Canada, the EC, Japan, New Zealand, South Korea and the US. The US secretary of state, Mr James Baker, is due to attend.

Also on the Asean ministers' weekend agenda will be signs of progress towards resolution of the Cambodian conflict. Success in the Cambodian negotiations would clear the way for foreign investment and economic development in Indochina and radically alter the picture for Asean members.

Asean's dialogue partners, particularly the EC, have called for its members to improve their performance on human rights and environmental protection.

Both issues - on which Indonesia and Malaysia especially resent criticism - will be discussed. But Mr Abdulrahman Badawi, Malaysia's foreign minister, said: "We do not expect these issues to be difficult. Exciting, yes, but not troubling." The EC is believed to have relaxed its insistence that expanded economic co-operation be linked to

Changing world tests Asean's self-interest

Alexander Nicoll and Lim Siong Hoon report on moves to establish closer regional ties

FOREIGN and economic ministers of the Association of South-East Asian Nations (Asean) convene today in Kuala Lumpur, seeking to restore equilibrium to a body disturbed by changes to the world order.

Asean was established 23 years ago primarily with the aim of maintaining solidarity and neutrality between the western world and the Communist bloc. But its priorities are naturally shifting with the change in the balance of power elsewhere in the world.

Trade has become its principal concern. The ministers will discuss a Malaysian proposal, launched last December, for an East Asian Economic Grouping involving Asean and its northern neighbours.

Dr Mahathir Mohamad, the prime minister of Malaysia, saw the idea as giving a fillip to Asean, achieving greater synergy in industrial production and reducing trade barriers within the region.

It was also a response to lack of progress in the Uruguay Round of the General Agreement on Tariffs and Trade and fears of a new bout of protectionism in the region's key export markets.

However, the proposal remains nebulous. At first, it appeared aimed at

creating a free trade alliance, but Malaysia has been forced to water down the concept in the face of uncertainty among the other Asean members - Brunei, Indonesia, the Philippines, Singapore and Thailand.

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progress on these issues. Among Asean members, Malaysia appears the most anxious to move the organisation's trade orientation away from being centred on Europe and the US.

As well as proposing an EAEG, Dr Mahathir recently visited Brazil, Argentina and Chile and called for an East Asian-South American trade alignment. He has also invited the Soviet Union and China to attend the dialogue meetings for the first time.

Malaysia has questioned the purpose of another regional initiative, Asia Pacific Economic Co-operation, a US-sponsored consultative council on trade issues.

Central to Dr Mahathir's concern is the desire to provide insurance for Asean members against the erosion of their export markets by trade disputes and protectionism in the west.

However, other Asean members fear antagonising their existing industrialised trade partners on whom they depend for export markets.

The meetings may show whether Dr Mahathir's bold suggestions - viewed by some European governments principally as gestures - can win a wider hearing among his partners in the region.

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In comments which would be anathema to many of this fellow ANC leaders, Mr Mandela admitted the possibility of political representation by colour in a post-apartheid South Africa.

"We have to make sure... that the ordinary man, no matter to what population group he belongs, must look to our structures and see that I as a coloured man am represented."

"I have got Allan Boesak [a prominent coloured politician] there whom I trust. And an Indian must also be able to say: there is Kathrada [an Indian ANC leader] - I am responsible. And the whites must say: there is [minister of constitutional development] Viljoen - have got representation."

The ANC would have to "consider very carefully how the principle of one person, one vote should be applied... especially in the first few years of democratic government", Mr Mandela said.

Mandela: alliance with communists was to overthrow apartheid unlikely to begin this year, he said.

On the controversial issue of the ANC's alliance with the Communist party Mr Mandela spoke out strongly in its defence and made clear that their co-operation with it is only up to the point of the overthrow of the apartheid state. After that they take their own line... which we will not follow. We won't follow socialism. We've got our own programme," he said.

Mr Mandela admitted that the ANC had erred in putting "too much emphasis on the

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But he went on to say: "It should have been sufficient for us to say: 'We think in the light of our own situation that some measure of state involvement in the building of the economy is necessary'."

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WORLD TRADE NEWS

South Korea sees rise in inward investment

By John Ridding in Seoul

A SURGE in new service sector projects in the first half of the year has reversed a two-year decline in direct foreign investment in South Korea, according to figures released by the ministry of finance.

Overall foreign investment in the first six months rose to \$483m (292m) from \$470m in the same period last year. The increase was the first since foreign investment started to decline at the beginning of 1989 in response to high increases in wages and other operating costs and industrial disputes.

The finance ministry pre-

dicted that foreign investment would continue to grow in the second half of the year because of several large projects under consideration by the government and because of the improved labour relations situation, moderating wage increases and easier investment procedures.

It forecast total annual foreign investment of about \$1.2bn, compared with \$803m last year.

Investment in the service sector in the first six months of this year rose sharply to \$182m from \$102m in the comparable

period last year. The number of projects rose from 71 to 83. Trading, finance and insurance were responsible for much of the increase.

Manufacturing investment, however, continued to decline and fell from \$369m in the first half of last year to \$304m. The number of new projects fell from 71 to 62.

Investment from Europe saw the largest increase during the period, almost doubling to \$152m. But new projects from Japan and the US, traditionally the biggest investors in South Korea, decreased.

Seoul barter with N Korea in first direct trade deal

SOUTH KOREA will ship 5,000 tonnes of rice to North Korea next week in the first direct trade between the two rivals, still technically at war after the 1950-53 Korean conflict, Reuters reports from Seoul.

The North is to supply 30,000 tonnes of anthracite and 11,000 tonnes of cement in exchange for the rice, South Korean officials said.

"Five thousand tonnes of rice will leave the southwestern port of Mokpo and head for the North Korean port of Najin, probably on July 26," said a spokesman at Samsung Shipping, which is handling the shipment. Several rounds of negotiations on the rice shipment have been held between South Korea's privately-owned Cheongji Trading Company and North Korea's Kumgansan International Trade since last March.

South America holds its own summit

By John Barham in Buenos Aires

MINISTERS from Mercosur, the nascent South American common market, are to descend tomorrow on Montevideo, the sleepy capital of Uruguay, to hold the first of what they hope will become a regular series of mini economic summits closely modelled on the European Community's ministerial encounters.

In March, Argentina, Brazil, Paraguay and Uruguay founded Mercosur, the Southern Cone Common Market, and pledged to integrate their economies by 1995, when, in theory, there will be no barriers to internal trade. In June, the four countries signed a framework treaty with the US to encourage trade and investment in the region.

The eight finance and agriculture ministers and central bank governors gathering in Montevideo have plenty to discuss.

Although there is an agenda, the meeting is billed above all as a chance for ministers to discuss informally the formidable challenge they have set themselves of integrating some of the world's most volatile economies.

The agenda calls for each finance minister to explain his policies and describe how his country is affected by world and regional economic systems. Then all four will try to establish joint approaches to common problems, such as inflation, foreign investment and trade.

They are also due to discuss specific integration topics such as co-ordinating macro-economic policy.

Unless the economies of Argentina and Brazil simultaneously converge over trade policy and inflation in particular, integration is unlikely to be successful. Inflation

in Brazil exceeds 10 per cent a month, while Argentina has reduced inflation to less than 3 per cent a month.

Agriculture officials are expected to meet separately. Talks are bound to be dominated by the vexed question of US and EC farm export subsidies.

Argentina and Uruguay depend heavily on farm exports, and like Brazil, they belong to the 14-member Cairns group of farm exporting nations battling for a reduction in subsidies, which are at the heart of the deadlock in the Uruguay Round.

But Brazil has infuriated its partners by accepting imports of 700,000 tonnes of subsidised US wheat.

American officials have let it be known that they are discussing a new sale of subsidised wheat to Brazil.

China ready for trade agreement

CHINA confirmed yesterday that it would negotiate a trade agreement with South Korea even though the two countries lack diplomatic ties, AP-DJ reports from Beijing.

The official China Daily newspaper said the China Chamber of International Commerce and the Korea Trade Promotion Corporation would begin negotiations soon, and it hopes to sign agreements by the end of the year on both trade and investment protection.

The two semi-official organisations have representative offices in each other's capitals. South Korean government offi-

cials said last month trade talks might begin soon, but China remained silent then.

The newspaper quoted the chairman of the Chinese group, Zheng Hongye, as saying the lack of bilateral economic agreements had restrained the development of trade and South Korean investment in China.

He said many South Korean companies had shown keen interest in China.

By the end of 1990, China had approved 82 South Korean-funded projects with a total pledged investment of \$108m (\$66m).

The Hyundai Group plans to

send a delegation led by honorary board chairman Chung Juyong this week to meet Chinese businessmen, Zheng said.

Chinese customs says China exported goods worth \$830m to South Korea last year, mainly in textiles, oil products and chemicals.

It bought goods worth \$1.9bn in return, including chemical fibres, electronics and steel.

South Korea says bilateral trade is actually greater, totalling \$3.8bn last year. China's trade figures often differ from those of other countries, in part because it does not count goods routed through Hong Kong.

Indirect trade between the two Koreas totalled \$25.6m (\$15.5m) in 1990.

Seoul exported mainly textiles and electronic products while it bought zinc and semi-finished goods from Pyongyang.

In a further sign of growing contacts between the staunchly communist North and the capitalist south, the two sides agreed on Thursday to hold working-level discussions to prepare for next month's prime ministerial talks in Pyongyang.

Farm groups get taste for mixing US, Canadian agri-business seeks out deals, writes Bernard Simon

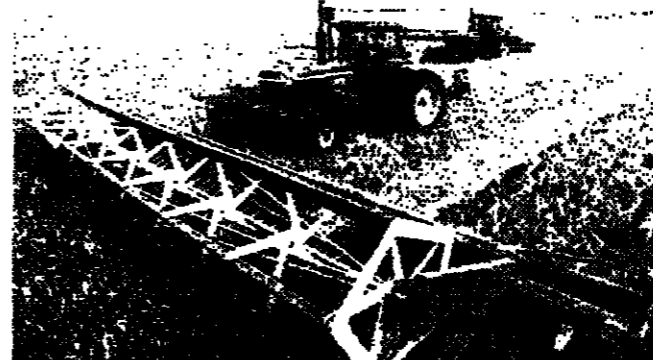
THE prospect of liberalised trade in farm products between the US and Canada is convincing some of the world's biggest agri-businesses to expand their presence north of the 49th parallel.

Archer-Daniels-Midland and Cargill of the US, Italy's Ferruzzi-Macdonald and Canada's Hillside Holdings are among those which have made substantial investments in Canada in anticipation of the economies of scale which could flow from closer integration of the US and Canadian markets.

"The US and Canada are doing what the European countries did after 1961," says Mr Dick Burkett, a vice-president at ADM. In less than a year, the Illinois-based company has bought a dormant canola crushing plant in Alberta, two flour mills in Ontario and Manitoba, and a controlling interest in a Canadian milling company.

At the same time, the handful of domestic companies which have dominated Canadian agri-business for the past 20 years are looking for ways of ensuring that they are not overwhelmed.

"To be a viable player, you have to have some size," says Mr Greg Arason, chief executive of Manitoba Pool Elevators, the Winnipeg-based co-operative. CSP Foods, a food processing company owned by the Manitoba and Saskatchewan grain pools, is joining



Saskatchewan: the scale adds economy

forces with Central Soya, a Ferruzzi subsidiary, to buy the edible oils division of Maple Leaf Foods (formerly Canada Packers).

The new company, as yet unnamed, will have annual revenues of about \$650m and have access to about 60 per cent of Canada's canola (edible oil seed, like rapeseed) output.

These deals are being driven by the steady liberalisation of trade in farm products between the two countries. For instance, Washington and Ottawa have agreed to accelerate the elimination of customs duties on canola oil under the US-Canada free trade agreement (FTA). The duty, which was originally due to be

phased out only by 1993, will be abolished next January.

Similarly, the Canadian Wheat Board lifted curbs last month on cross-border trade in flour and wheat.

This is putting ever-greater pressure on Canadian food producers to compete with cheaper goods from the US, especially in the supply-managed sectors, such as poultry, eggs and dairy products.

Conagra, another US agri-business giant, has bought an oats mill in Alberta. Campbell Soup now supplies the Canadian market with frozen chicken dinners from a plant in Arkansas, while some soups are being shipped throughout North America from a factory

in Toronto. Before the free trade agreement, these products were subject to customs duties of about 15 per cent.

The rationalisation is causing some painful adjustments in an industry where government subsidies and other protective devices have played a role in expanding capacity. Thus, ADM and Central Soya's new investments in canola crushing are expected to lead to the closure of several mills.

The emergence of powerful business units in Canada seeking to elbow their way into the North American market as a whole has also created a policy dilemma for the Canadian government. While it welcomes the companies' ability to compete beyond Canada's borders, Ottawa is concerned at the concentration of power in the domestic market.

Last month, objections by the competition bureau led Maple Leaf Foods (in which Hillside owned a 56 per cent stake last year) and John Labatt, another leading food processor, to scrap a plan to pool their flour businesses.

The authorities face similar circumstances in the new edible oils partnership between Central Soya and CSP Foods. Its decisions in cases such as these will help determine not only what role Canadian companies will have in continent-wide free trade, but also whether foreign investors continue to pursue acquisitions and joint ventures in Canada.

ICL in Soviet computer accord

By Alan Cane in London

INTERNATIONAL Computers (ICL), the UK-based computer manufacturer in which Fujitsu of Japan has an 80 per cent stake, is collaborating with one of the Soviet Union's largest mainframe computer suppliers in an attempt to sell its advanced midrange computers throughout the Soviet Union.

It is forming a joint venture with the Kazan Manufacturing Enterprise of Computer Systems (KMECS) which is owned by the Soviet Ministry of Radio Industry. ICL has a 60 per cent shareholding, with KMECS taking the other 40 per cent. ICL's initial investment will be just under £1m.

KMECS employs about 10,000 people. It is located in Kazan, capital of the Tatar autonomous republic, east of Moscow. It manufactures "Ryad" computer systems, mainframes based on designs copied from international Business Machines 360 and 370 mainframe ranges, now essentially obsolete. There are some 20,000 Ryad systems installed in the Soviet Union.

The new company, to be called ICL-KMECS, will market and support ICL's DRS 6000 and DRS 3000 midrange computers conforming to open standards, the principal trend in modern data processing.

Mr Peter Bonfield, ICL chairman and chief executive said: "The combination of ICL's expertise and advanced technology with KMECS' local strengths and excellent reputation means that the most up-to-date systems will be available to Soviet clients."

ICL was the first western computer company to be accredited to trade in the Soviet Union when its established a Moscow branch in 1988.

Its first joint venture in the Soviet Union, Marine Computer Systems, in which it has a 40 per cent stake, was established in 1988.

GEC-Alsthom in Iran contract

By Andrew Baxter in London

GEC ALSTHOM, the Anglo-French power engineering group, has won a contract worth more than £20m to supply 14 125MW generators to Tavanir, the Iranian generating authority.

The award confirms a steady state of Gulf orders for European power plant manufacturers since the end of the Gulf war. GEC Alsthom is a 50-50 joint venture between Alcatel Alsthom of France and Britain's General Electric.

The generators are to be delivered between February 1992 and March 1993.

UK NEWS

Brussels warns that UK jobless may climb

By Peter Marsh in London and Andrew Hill in Brussels

A WARNING from the European Commission yesterday that UK unemployment is likely to climb to more than 3m next year dampened the impact of a smaller than expected rise in Britain's jobless total last month.

A report by the Commission predicted that the proportion of the UK workforce without jobs would nearly double between 1990 and 1992, climbing from 5.7 per cent to 10.8 per cent.

This is against a projected average unemployment rate for the European Community in 1992 of 9.2 per cent.

The report also said the heavy job losses in Britain over the past few months were largely responsible for the recent increase in EC unemployment.

This rose from an average of 8.3 per cent during 1990 to 8.6 per cent in April.

The Commission also linked skill shortages in Britain to the relatively small proportion of young people in secondary and higher education.

The study was released as the British government announced that seasonally adjusted unemployment in the country rose by 59,700 last month to 2.3m.

The fifteenth consecutive monthly increase took the June unemployment rate to 8.1 per cent, from 7.9 per cent in May, but was lower than the figure of around 70,000 expected by analysts.

It was also the smallest increase since January, and marked a slight slowing in the rate of growth of the jobless total. In the half year to June, monthly job losses rose at an average rate of 76,500, while the comparable figure for the six months to May was some 3,000 higher.

With other statistics, which showed sharply lower bank lending last month, and a continuing decline in manufacturing output, the unemployment figures illustrate the depressed state of the UK economy. However, they are consistent with a muted recovery from the recession may take place in the second half of this year.

Editorial comment, Page 12; Lex, Page 14

ECONOMY Fall in manufacturing output slows

By Peter Marsh, Economics Staff

HOPES that a British economic upturn may be in sight have been strengthened by a further braking in the rate of fall of manufacturing output.

While underlining that many areas of manufacturing including textiles and cars continue to be in steep decline, yesterday's figures from the Central Statistical Office (CSO) show that specific sectors such as chemicals and heavy-duty electrical equipment have been unexpectedly resilient in recent months.

In the three months to May, seasonally adjusted manufacturing output fell by 1 per cent, compared with the previous quarter.

That compared with quarter-on-quarter declines of 1.1 per cent in both April and March, 1.6 per cent in February and 2.5 per cent in January.

CSO officials estimate that the manufacturing economy is shrinking at an annual rate of 6 per cent, while last month they put the decline at 6.5 per cent.

Factory production reached an all-time high in April last year, since when it has declined by about 7 per cent as a result of reduced demand caused by the recession, and a running down in stocks.

The rate of decline peaked around the end of last year. In May, manufacturing out-

put was relatively strong, and showed a decline of just 0.4 per cent on the revised figure for April.

Due to the effects of a 0.6 per cent fall in output from the energy and water sectors, total industrial production - which combines manufacturing, energy and water - fell by 0.5 per cent over the month.

With energy production in recent months being held down due to safety-related maintenance on North Sea oil rigs, all production industries saw a fall in output of 0.8 per cent in the period between March and May, compared with the previous three months.

In the latest three-monthly period, chemicals and synthetic fibres increased output by 1.8 per cent, thanks partly to strong demand for pharmaceuticals and a good export performance. Compared with the equivalent period last year, however, production was down 3.5 per cent.

Other sectors which performed relatively well in the March-May period were electrical investment goods such as machinery, building materials and related products, and food, drink and tobacco.

Output in these three areas increased by 1.5 per cent, 0.4 per cent and 0.1 per cent respectively.

of the proceeds of rights issues again being used to repay bank borrowing.

The Bank's provisional money supply figures showed that M0, the narrow measure of money supply that mainly consists of notes and coins in circulation, increased by a seasonally adjusted 0.5 per cent in June to show a 2 per cent increase on the level of June last year. This was in the middle of the government's 0 to 4 per cent growth target for M0 in the current financial year.

In a speech to the company's annual meeting, Mr Iain Vallance, BT chairman, accused Ofcom of a U-turn. Earlier this month Sir Bryan had abandoned an element of measures previously agreed with BT allowing it to charge competitors for access to its local network.

Schools adviser replaced

Mr Kenneth Clarke, education secretary, has underlined his determination to restore traditional methods of testing in schools by replacing Mr Philip Halsey, the chairman of the School Examinations and Assessment Council.

Lord Griffiths, former head of Mrs Margaret Thatcher's policy unit, succeeds as chairman of the council which is responsible for advising ministers on testing policy.

Likely site for N-store

The board of Nirex, the radioactive waste consortium owned jointly by the power companies British Nuclear Fuels and Nuclear Electric, is expected to decide in favour of Sellafield, north west England, as the site of its first £200m repository. A Nirex meeting heard evidence favour of siting a deep repository at Sellafield following geological tests.

Investigation for Loch Ness

Loch Ness, Britain's largest body of fresh water, is to have its ecology, biology and hydrography investigated. The project's organisers say that it will be the first time that the Scottish loch has been thoroughly surveyed in this way.

The investigation is not a hunt for the loch's reputed monster.

Mr Nicholas Witchell, a co-founder of the scheme which is named Project Orkney, said: "We do not think there is a monster but there does appear to be several interesting observations that have yet to be explained."

Reinsurance

Reinsurance

BRITAIN IN BRIEF

Export surge helps car output rise

Surging exports have allowed car production in the UK to continue climbing in the first half of the year, despite the 25 per cent slump in domestic sales.

But with some continental markets now also slipping, manufacturers have warned that the industry faced "serious long-term damage" in the absence of a boost to UK demand.

So far, the latest half-per cent cut in interest rates appears to have had little effect.

BT to fight Ofcom plans

BT, the UK telephone network, said it would go to the Monopolies and Mergers Commission rather than agree to the latest proposals for controlling the industry from Ofcom, the telecommunications regulatory body.

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Reinsurance

Reinsurance

THE BCCI SHUTDOWN

LOCAL AUTHORITIES

Councils consider suing Bank and brokers

By Tracy Corrigan

AT A meeting in London yesterday, councils facing losses as a result of the collapse of BCCI decided to take legal action on possible court actions for negligence against the Bank of England and money brokers.

England's role. Such an inquiry should investigate the regulatory system under which BCCI operated, the powers of the auditors and the Bank of England's failure to disclose any misgivings, said Mr Gordon McCartney, secretary of the Association of District Councils (ADC), members of which make up the bulk of councils facing losses.

Thirty-five councils and public utilities facing losses of more than £20m attended the meeting, arranged by the ADC, the Association of Metropolitan Authorities and the Convention of Scottish Local Authorities.

Officials representing the councils said the Bank of England had warned them that "not all institutions on the [authorised] list were equally creditworthy".

few more names to be added to the list. Officials representing the councils said the Bank of England had warned them that "not all institutions on the [authorised] list were equally creditworthy".

loss of confidence in the money markets. "When funds are due for renewal, they are being withdrawn from this sector of the banking market [that is, smaller banks and building societies]," he said.

PARLIAMENT

Opposition queries timing of fraud report

By Ivor Owen, Parliamentary Correspondent

GOVERNMENT CLAIMS that evidence of fraud justifying the closure of BCCI only reached the Bank of England three weeks ago on June 27 - were strongly challenged by opposition backbenchers in the Commons yesterday.

on the contents of the October 1990 Price Waterhouse report indicating serious fraud at BCCI.

In a reference to a report in yesterday's Financial Times, Mr David Hinchliffe (Lab Wakefield) underlined the "embarrassing revelation" that Mr Michael Howard, the employment secretary, knew in June 1990 of possible embezzlement and fraud at BCCI.

Mr Salmund argued that if it could be established that ministers or the regulatory authorities had knowledge of serious fraud at BCCI well before June of this year, the government would no longer be able to "wash its hands" of the financial disaster facing depositors and local authorities.

Mr John MacGregor, leader of the House of Commons, said that Mr Howard had said he had sent it to Labour, and Mr Hinchliffe called on the government to set up a full and independent inquiry "into this whole sorry affair".

Mr MacGregor confirmed that evidence of bad banking standards and losses had been dealt with by injections of capital from shareholders and substantial management changes.

Mr MacGregor told the House: "Mr Howard wrote to Mr Benn on these points, and as far as I know, he did not come back to him again on that."

Mr MacGregor said that the House of Commons had been told that the letters forwarded to the DTI had primarily concerned the question of redundancies.

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LOANS

Regulators knew of some problems

By Victor Mallet, Middle East Correspondent

BCCI WAS dealing with doubtful loans of about \$4bn (£2.4bn) when the Bank of England and other regulators moved against it two weeks ago - but the regulators were aware of the problem and at least some of the money was recoverable, BCCI officials say.

insist that not all the money was lost. "There was recoverability," said one BCCI official, who said "variously rated" doubtful loans amounted to between \$4bn and \$5bn.

The Bank of England does not dispute this assessment and maintains that it acted against BCCI not because of these previously-recorded bad loans, but because Price Waterhouse, the auditors, found evidence of systematic fraud which hid losses throughout the bank.

Another official said: "There was security pledged." He estimated the doubtful loans at around \$4bn and said it was understood that \$3.7bn of these poor-quality assets would be transferred to the two new Cayman Island companies which were to be funded by Abu Dhabi promissory notes over 7½ years, leaving the BCCI balance sheet looking relatively healthy.

BCCI officials say some of the loans to Middle Eastern entrepreneurs, to members of the Gulf's ruling families and to companies became increasingly problematic in the mid-1980s.

The Bank of England does not deny that it has been aware for some time of what one official called "some fairly crummy banking" involving "very substantial loan losses".

Some of the biggest borrowers, hoping to be let off the hook if there was a bankruptcy, slowed down their repayments as there were when they realised the bank was in trouble.

BCCI staff agree with the Bank of England that some loans were poorly documented and badly managed, but they



Julia Aron

A MEETING to organise a national BCCI depositors' group and to co-ordinate efforts to obtain wider compensation for the bank's collapse flopped in Manchester yesterday, Ian Hamilton Fazez writes.

Mr Gold and Mr David Fine, another Alexander Tatham partner, expressed disappointment at the attendance. They estimated that about £75,000 would be needed to run a successful pressure group, but decided not to put that to the meeting because of the poor attendance. Most who attended simply wanted more information

and all registered with Alexander Tatham staff. Their names will be added to nearly 300 who have contacted the firm. Mr Gold hopes to find an acting chairman for a depositors' group from the register and to liaise with other solicitors about joining forces.

Mr Pine said many Asian depositors preferred not to take a public profile. The "nature of some of the money in BCCI" also discouraged some depositors from attending. Mr Gold said that competing meetings and other solicitors' efforts were also confusing some investors.

The letters from employees that warned Michael Howard

12 JUNE 1990

To: Secretary for Employment Department of Employment London

COMPULSORY REDUNDANCIES AT BCCI

We understand that in accordance with statutory requirements BCCI will have to notify you of the COMPULSORY REDUNDANCIES of staff which are to be affected in the United Kingdom.

addressed to ALL MEMBERS OF STAFF by an Executive of BCCI - Mr MAZHAR ABBAS. B) THE FIRST NOTIFICATION of redundancy terms was deliberately leaked to staff on 18 May 1990 sent out on plain paper headed TERMINATION TERMS assigned by any MANAGEMENT representative.

given to the employees to fully comprehend the implication of acceptance of the VOLUNTARY REDUNDANCY OFFER which is being recommended to them by management representatives against a threat of even worse terms of COMPULSORY REDUNDANCY.

their aforementioned activities and the continuing allegations of embezzlement, corruption and nepotism will be more easily evaded.

not for me to intervene in management decisions. However, in view of the comments that Mr Ambrose makes about the conduct of his employer relating both to trading activities and to redundancy arrangements I am copying this correspondence to Nicholas Ridley who may wish to comment on these points.

that the external auditors, Messrs Price Waterhouse, have not found it necessary to comment on the aforementioned inadequacies or in any way qualify the accounts of the bank in the past.

The regulatory authorities should urgently investigate ALL the many dubious activities of The Bank of Credit and Commerce. Only then can it prevent the catastrophe which will otherwise befall the SHAREHOLDERS, INVESTORS AND EMPLOYEES of this organisation.

The following points concerning the redundancy arrangements are brought to your attention: A) The FIRST HINT of possible redundancies was conveyed in a memo dated 11 May 1990,

given to the employees to fully comprehend the implication of acceptance of the VOLUNTARY REDUNDANCY OFFER which is being recommended to them by management representatives against a threat of even worse terms of COMPULSORY REDUNDANCY.

ADHOC COMMITTEE BCC STAFF ASSOCIATION

The letter forwarded from Mr Wedgwood Benn to Mr Howard on June 19

And now, the bank and its executives are about to abandon their UK workforce with a shabby redundancy package (with implications for future City redundancy deals) and take refuge in Abu Dhabi.

Not enough time has been

Not enough time has been

Not enough time has been

Not enough time has been

Not enough time has been

Not enough time has been

HONG KONG

Call to tighten rules on banks' admittance

By John Elliott

HONG KONG is to consider tightening the application of its rules for admitting banks into the colony after the BCCI crisis, which led it on Wednesday to start putting Bank of Credit and Commerce Hong Kong (BCHK), a 99 per cent-owned local subsidiary of BCCI Holdings (Luxembourg) SA, into liquidation.

banks with Middle East connections: International Bank of Asia and Dao Heng Bank.

Sir Piers Jacobs, Hong Kong's financial secretary, who retired this summer, said yesterday that the basic licensing requirements were adequate, but that discretionary powers ought to be "exercised with great care" to decide whether a bank that qualified under the requirements was either wanted or needed.

The situation was calm yesterday after the government had eased the crisis on Wednesday night by injecting HK\$60m (\$4.7m) into the Interbank market. International Bank of Asia and Dao Heng Bank said yesterday that the abnormally high rate of withdrawals had stopped, and they had not had to use credit facilities made available by the government's exchange fund.

Anxious depositors had clashed violently with police the day before, and started a run on at least two other local

Sir Piers made his remarks in the context of Singapore, which has refused on more than one occasion to admit BCCI.

Reinsurance case must wait for French decision

OVERSEAS UNION INSURANCE LTD AND OTHERS v NEW HAMPSHIRE INSURANCE COMPANY European Court of Justice: Judges GJ Mancini, President, TP O'Gara, CN Kakouris, FA Schockweiler and PJO Kapteyn: 27 July 1991

THE COURT of a contracting state under the 1968 Jurisdiction and Judgments Convention must decline jurisdiction in a case between parties who are already litigating the same cause of action in another contracting state, irrespective of the parties' domicile. And if the jurisdiction of the court first seized is contested, the court second seized may not examine that jurisdiction, but may stay proceedings as an alternative to declining its own jurisdiction in the other court's favour.

The European Court of Justice so held when answering questions referred to it by the Court of Appeal on an appeal by the plaintiffs, Overseas Union Insurance Ltd, Deutsche Ruck UK Reinsurance Ltd and Pine Top Insurance Co Ltd, from a Commercial Court decision to stay their proceedings against New Hampshire Insurance Co, pending a French decision on the same cause

of action between the same parties.

Article 21 of the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (Brussels, 1968) provides: "Where proceedings involving the same cause of action and between the same parties are brought in the courts of different contracting states, any court other than the court first seized shall of its own motion decline jurisdiction in favour of that court."

A court which would be required to decline jurisdiction may stay its proceedings if the jurisdiction of the other court is contested.

THE COURT said that New Hampshire was a US company, registered in England as an overseas company and in France as a foreign company. In 1979 it issued an insurance policy covering repair or replacement costs of electrical appliances sold with a five-year warranty by a French company.

and Pine Top ceased payment of claims and purported to avoid their respective insurance commitments on grounds of non-disclosure, misrepresentation and breach of duty in the placing and operation of the reinsurance policies.

On June 4 1987 New Hampshire issued proceedings against Deutsche Ruck and Pine Top in Paris, claiming under the reinsurance policies. On February 9 1988 it brought similar proceedings against Overseas Union in the same court. Deutsche Ruck and Pine Top formally challenged the jurisdiction of the French court. Overseas Union made clear its intention to do likewise.

On April 6 1988, Overseas Union, Deutsche Ruck and Pine Top brought an action against New Hampshire in the Commercial Court, seeking a declaration that they had lawfully avoided their obligations under the policies. On September 9 the Commercial Court granted a stay until the French court gave a decision on the question of its jurisdiction in the proceedings pending.

Overseas Union, Deutsche Ruck and Pine Top appealed. The Court of Appeal stayed the proceedings and submitted the following questions *inter alia* to the Court of Justice for a preliminary ruling:

(1) Did article 21 of the 1968 Brussels Convention apply irrespective of domicile of parties to the two sets of proceedings; (2) under article 21 paragraph 2, where the jurisdiction of the court first seized was contested, was the court second seized to stay proceedings as an alternative to declining jurisdiction; (3) if not, could the court second seized examine whether the court first seized had jurisdiction?

It was common ground that the French court was the court first seized and that the proceedings before the French and English courts involved the same cause of action between the same parties.

The first question was whether article 21 applied irrespective of the parties' domicile. Article 21 provided that where proceedings involving the same cause of action between the same parties were brought in the courts of different contracting states, any court other than the first seized should decline jurisdiction.

The article made no reference to domicile. Moreover, it did not draw any distinction between the various heads of jurisdiction provided for in the Convention. It did not provide for derogation to cover a case where a court of a contracting state exercised its jurisdiction under domestic

law over a defendant who was not domiciled in a contracting state. Consequently it appeared from the wording of article 21 that it must be applied both where the court's jurisdiction was determined by the Convention, and where it was derived from the legislation of a contracting state in accordance with article 4 of the Convention.

In *Dumex France and Tracoba* [1980] ECR I-49, the Court held that the Convention's aim was to promote recognition and enforcement of judgments in states other than those in which they were delivered. The rules were designed to preclude non-recognition of a judgment on account of its irreconcilability with another judgment in proceedings between the same parties.

To achieve those aims, article 21 must be interpreted broadly to cover in principle all situations of its *pens* before courts in contracting states, irrespective of the parties' domicile.

The answer to the first question was that article 21 applied irrespective of the domicile of parties to the two sets of proceedings.

obliged to stay proceedings as an alternative to declining jurisdiction; or whether article 21 permitted or required it to examine whether the court first seized had jurisdiction.

It appeared from the report of the committee of experts which drafted the Convention (Official Journal 1979 No. C58, p.1) that the rule was introduced so that parties would not have to institute new proceedings if, for example, the court first seized were to decline jurisdiction.

The objective of the provision, which was to avoid negative conflicts of jurisdiction, might be achieved without the court second seized examining the jurisdiction of another court.

In no case was the court second seized in a better position than the court first seized to determine whether the latter had jurisdiction.

diction to be reviewed by a court in another contracting state.

It therefore appeared both from the wording of article 21 and from the scheme of the Convention that the only alternative solution available to the court second seized, which should normally decline jurisdiction, was to stay proceedings if the jurisdiction of the court first seized was contested. It could not examine the jurisdiction of the court first seized.

The answer to the second and third questions was that, without prejudice to the case where the court second seized had exclusive jurisdiction under the Convention, article 21 of the Convention must be interpreted as meaning that, where the jurisdiction of the court first seized was contested, the court second seized if it did not decline jurisdiction, might only stay the proceedings and might not examine the jurisdiction of the court first seized.

For the plaintiffs: Peter Goldsmith QC and David Ralston (Holman Fenwick & Wilton; Stephenson Harwood).

For New Hampshire: Jonathan Mance QC and Alan Newman QC (Hartall Ekin & Co).

Rachel Davies Barrister

FT LAW REPORTS

MANAGEMENT

Corporate restructuring at Gencor

Why decision making came down to earth

Philip Gawith explains how the South African mining group tackled a moribund hierarchy

Derek Keys, executive chairman of Gencor, South Africa's second largest company, tells the story of the three great lies: the cheque in the post; of course I'll still respect you in the morning; and I'm from head office and I'm here to help you.

The five years he has spent at the helm of Gencor, the diversified conglomerate with mining and industrial interests, are, however, a vindication of just how effective the man from head office can be.

When Keys took over at Gencor in mid-1986, industry observers considered it to be in crisis. It lacked direction, morale was low and the massive debt showed clear disapproval. The failings were aggravated by the unwieldy arrangement of the group being jointly run by five executive directors.

Today, Gencor - with assets of R20bn (\$4.2bn) and 1990 earnings of R1.45bn - is the darling of the investment community, a self-assured company seen to be better managed and more entrepreneurial than other South African mining companies.

Closely allied to this is Keys's considerable reputation, a result of his success and independence of thought in a traditionally conservative industry.

Keys may lack a mining background, but he has no shortage of pedigree. A chartered accountant, Keys also worked at the South African Industrial Development Corporation and had a spell locally in management consultancy before joining Gencor.

He is an iconoclastic spirit. In 1977, aged 46, he took a sabbatical year in Germany at the Goethe Institute. Why? "I decided to have my mid-life crisis in a very organised way," he says with an upturned smile.

But the revolution at Gencor has been less a function of Keys's financial acumen than of the changes he has effected in the structure, culture and focus of management. Back in 1986, his first tasks were "fire-fighting" - dealing with problems such as Gencor's reputation as a union buster and reorganising its under-performing industrial interests.

Keys devised the treatment once he had diagnosed the problem as that of a basic managerial malaise. Simply put, an overly hierarchical structure meant that too many important decisions were being taken too high up, at a level away from day-to-day reality.

This was a function of the historical structure of mining houses where it had always made sense to concentrate services at the centre, deploying them at specific operations as and when needed. The formation in 1989 of Gemmin, the wholly-owned mining group with interests in precious metals, coal and ferro-alloys, showed Gencor endorsing this logic but crucially only at the mining, not group, level.

The traditional method of running a mining house - specifically, decisions being taken at the centre, away from the market - had proved unfavourable to the efficient running of the group's industrial interests. Keys's solution was to bring Malbak, an industrial holding company he had helped set up, into the group and then to sell almost all Gencor's industrial interests, including food, packaging, construction and consumer goods, into Malbak.

The exception was Sappi, the forest products group, which was considered too large to be included and it was kept separate. Both Sappi and Malbak are run away from Gencor head office; physical separation endorses managerial independence.

Head office staff has also been reduced from 1,700 in 1986 to under 50 now.

So what does all this mean in practice? "We don't prescribe to our divisions what their assumptions should be for their budgets or for their projects," says Keys. "We expect them to state what their assumptions are, but they can do anything they like, so long as they put up a case that convinces us." In this way, Keys believes that managerial creativity is stimulated by avoiding imposing "homogenising" investment criteria from the centre.

He also argues that this approach diminishes risk. "The whole idea is to drive the decisions downwards to where there is the best mix of judg-



Derek Keys: "We need to make our shareholders feel that subscribing to rights issues is a pleasant experience"

ment and knowledge about the situation."

It also allows young managers to develop and prove themselves. Anton Botha, the 38-year-old managing director of Gemmin, the mining finance and investment company, says: "You were made to feel that you were the chief executive of your company, not just one of the hierarchy at Gencor."

Greater demand is therefore made of managerial initiative and responsibility, for which commensurate rewards are offered. Managers are no longer able to escape poor decisions by consoling themselves that some of the responsibility had devolved upwards. Analysts agree that the management at Gencor is much more vigorous and creative as a result.

If decentralisation and empowerment of managers were the basic materials with which Keys planned to reshape the company, the design came in the form of a corporate mission statement, published in 1988. Keys says it was always clear that the niche Gencor should occupy was that of a giant venture capitalist.

From this flowed the broad aim of achieving real growth, through starting or acquiring new businesses or developing existing ones. Like most such statements, it is vague; unlike most, it has a palpable focus and galvanising effect.

The best example is the transformation, in the space of three years, of minor petroleum marketing interests into a fully integrated energy group - Engen - with assets of

more than R3.5bn. The most significant development was the purchase in 1989 of Mobil Southern Africa from its disinvesting parent for the bargain price of R650m. Engen contributed R203m to Gencor earnings last year.

Other large projects in the pipeline for Gencor include likely involvement in the Columbus stainless steel plant joint venture with Highveld Steel and an aluminium smelter of its own, each of which will cost more than R3bn.

The enormous funding requirement of these projects explains a feature of Keys's managerial style, namely his close attention to, and use of, the stock market. "If we are a real growth-generating machine, we're going to need more money all the time. We need to make our shareholders feel that subscribing to rights issues is a pleasant experience."

"Bringing all the development work going on in the divisions of this group to fruition depends upon investors liking the share. If we get that wrong we're actually throwing sand in the machine." He also believes that the market delivers invaluable, unbiased judgments about his performance and that of his managers.

The group's share price lay behind last year's much publicised announcement that Gencor was considering unbundling its operations. The aim was to see whether the discount of the share price to net asset value (as high as 30 per cent, but now closer to 11 per cent), common to most mining houses, could be removed.

Keys was disappointed by the market's reaction. "I thought the discount would halve overnight. In fact the shares dropped 20 cents." This was the main reason the project was put on the backburner.

While there are domestic tasks aplenty, Keys acknowledges that the prize lies offshore. The challenge is to transform Gencor, the bulk of whose assets are in South Africa, into a global resources group. "What I am looking at is whether there is an existing resource organisation outside South Africa which could have some interest in some kind of partnership relationship."

Talks were held last year with Lounho, but no proposal was ever made to the Gencor board. Keys will not be hasty; his contract with Gencor has been extended to August 1994. He quotes an African proverb: "If you can't squeeze a proposition ripe."

Information in the workplace

When team briefings tell only half the story

Andrew Jack reports on recent research which questions the value of a widely used employee communications technique

Recent research is casting a critical shadow over team briefing, one of the most widely-known techniques of employee communication in British companies.

From data collected by his researchers, Peter Walker of Vista, an employee communications consultancy, concludes that the concept is far more widely recognised than it is applied; and far too loosely used to be effective.

Team briefing was pioneered by the Industrial Society some 20 years ago, and has become the lynchpin of many senior managers' strategy to keep their workforces informed and to foster healthy industrial relations.

In essence, it works by bringing together teams of employees to be briefed by their supervisor or local manager - ideally once a month - to discuss a range of issues covered by what the group has achieved, future targets, policy changes which affect its members, and personnel changes.

At least one third of the content of briefings might contain "core" information, relating to strategic corporate issues, such as performance, capital investment and short or long-term company objectives.

The supervisors conducting the briefings have, in turn, had similar meetings with their superiors. In this way information is rapidly cascaded down through perhaps five levels of seniority from board level to the shop floor until all employees have been briefed.

But Walker argues that core messages can only travel effectively through one level of manager. Otherwise communication degenerates into Chinese whispers. "If you pass a message through five people it will be distorted," he says.

"In an organisation of say, 10,000 people, you can identify a core group of 200 managers," he suggests. They should be able to brief all the staff in

small groups over three days every three or six months, he says.

Data collected by Vista suggests that team briefing is viewed sceptically by many managers and employees. A survey conducted in late 1989 of executives in 420 companies showed that 79 per cent claimed to use team briefing. However, only 59 per cent of this group conducted briefings monthly; and just 63 per cent claimed the information reached all employees.

The importance of communicating company goals to staff was endorsed by 98 per cent of managers; of communicating section targets by 91 per cent; and divisional plans by 82 per cent. Yet the proportion of managers who believed this information was actually passed on to staff was 56, 67, and 50 per cent, respectively.

Executives are terrified

The views of employees in 20 of Vista's client companies were more disappointing still. While more than 80 per cent of managers thought they were carrying out a team briefing, just under two-thirds of staff thought they were receiving them. Only 31 per cent thought they received sufficient information on their companies' plans.

Mike Edden, East Midlands and East Anglia area manager of the Industrial Society, dismisses Vista's findings. He says the failures highlighted are not those of team briefing, but of weak implementation by managers.

"There is a lack of commitment and monitoring from the top," he says. "British management is very flash-in-the-pan. They make a half-hearted attempt at team briefing and then move on to some other management fad, like total quality."

Walker also singles out for most criticism the implementation by executives rather than the concept itself.

"My key attack is against British managers," he says. "Most senior executives are terrified about briefing their staff. They say their supervisors are letting them down when it is in fact the supervisors who are being let down by them."

Nevertheless, there are fundamental disagreements between the two Walker and Edden. Walker insists that core messages can only be passed on by those at senior level who have "ownership" of corporate policies, were involved in decision making and have the authority to bring about change.

Supervisors should concentrate their briefings on the local issues which most directly affect the group for which they are responsible. If they are forced to pass on strategic information they will do it badly and half-heartedly, and generate discussion of issues which the team cannot directly influence.

Edden, on the other hand, suggests that more junior managers and supervisors become more powerful leaders in the eyes of their teams when they act as channels of information for those above them. They also gain greater commitment to the management team rather than simply siding with those below them.

If only the most senior staff relay core information, he argues, then staff will regard them as the only ones who know what is going on within their company. He also suggests that because each level of staff is involved in discussions as they are briefed, this ensures that the message passed down from above is not distorted.

"I go about my trade and see that team briefing doesn't work," says Walker. "Senior managers need to come out from behind their desks, get down and lead from the front on issues of company and divisional importance." On the latter point, at least, the two can agree.

TECHNOLOGY

Furnace burns up dioxin threat

A FURNACE for incinerating household and other solid refuse which claims to achieve a 500-fold reduction in dioxin emissions has been announced by the Kubota Corporation.

The end-product of the "melting furnace" system is an ash-like slag which can be used as a construction material for road building, tennis courts and paving stones. It also offers a solution to the current problems of disposing of conventional incinerator ash, which cannot be dumped near residential areas because it attracts vermin and creates clouds of dust. With dumping costs in land-starved Japan now reaching ¥30,000 (£235) per cubic metre in urban areas, the reduction in waste volume alone is an achievement.

Trials were recently completed at an incinerator plant in Ishihara City, in Nagasaki Prefecture. During the combustion process dioxin levels were cut to one five-hundredth of previous levels, and the company says the prospects are good that a one-thousand times reduction in dioxin emissions can be achieved at three plants due to open this year.

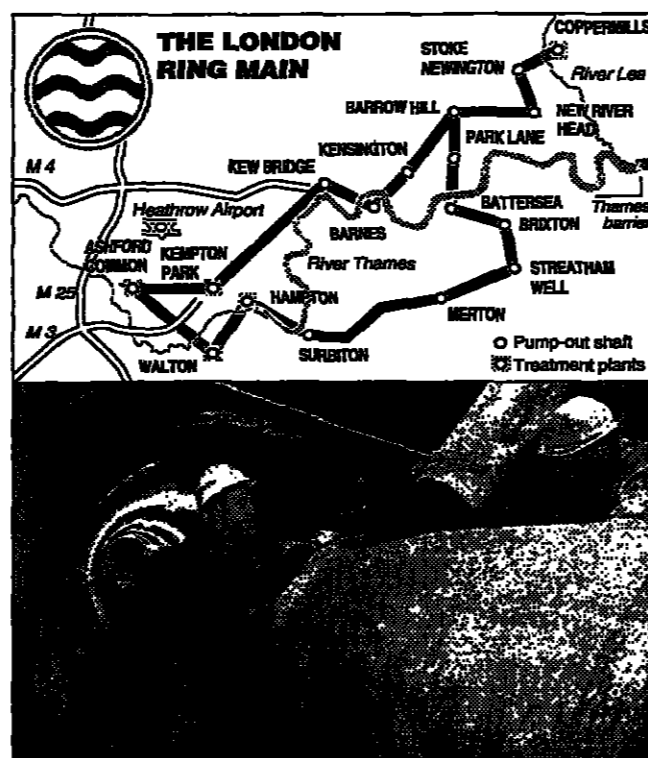
Tadao Fujimoto, director and general manager of Kubota's environmental plant division, says that municipal rubbish, sewage sludge and "fluff" (the waste remaining after the metals have been extracted during automobile recycling) can all be handled in the furnace. "Three or more burners in the 'ceiling' of the furnace produce temperatures of 1,300-1,400 deg C to melt the debris. The molten waste passes through a secondary combustion chamber before dropping into a tank below."

Fujimoto says that the primary challenges in the research effort, which dates back to 1975, lay in determining the optimum materials for the furnace walls, selecting the ideal furnace shape and developing the control software. The furnace can handle up to 150 tonnes of rubbish a day, on a 24-hour operating basis.

Roy Garner

Andrew Taylor describes the tunnel which will carry much of the UK capital's drinking water

London goes with the flow



the route of the ring main. It is then hauled to the surface, sold and transported by road to landfill sites around London. Eventually, water will be pumped up these shafts directly into the mains supply. The concrete lining of the tunnel will be brushed clean and disinfected by slowly passing chlorinated water through it. After this it is fit to carry water pure and fresh enough to be drunk from the tap.

Water will be moved around the ring main by gravity using the energy generated by vast volumes of water falling at high speed down the shafts

connecting the treatment plants to the tunnel. This will reduce substantially the cost of physically pumping water around the existing system of mains and pipes. It will also reduce the operating costs of supplying water to the capital. The drinking water will be supplied from four treatment plants in the Thames Valley to the west of London and one in the Lea Valley to the north of the capital.

about at Park Lane, one of the busiest roads in the capital, yet very few people will be aware that it is there," says Alexander. Another shaft, 246ft deep and 37 ft in diameter, has been sunk a few hundred yards north of London Zoo close to Regent's Park.

Water leakage, which currently runs at between a fifth and a quarter of all water used in London, will be reduced to no more than a bucket a mile inside the ring main, according to Thames.

Building the tunnel has not been without its problems. The biggest disruption occurred under Footing Bee common in south London where a tunneling machine broke through London clay into water-laden Tuxet sands. A two-mile section of tunnel was flooded.

The solution was to dig another shaft down to the tunnel and freeze the water-logged ground by pumping brine through pipes at -30 deg C. The tunnel was then excavated by a team of workers who were then laboriously chipped out before cast iron linings were installed to prevent further flooding.

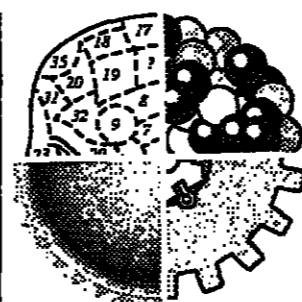
On another occasion the contractors found tonnes of concrete pouring through a breach in the tunnel caused during the construction of a nearby British Rail line. "The damage was quickly spotted and halted," says Alexander.

Michael Hoffman, chief executive of Thames, says the privatisation of the company, along with the other water authorities, in 1989 has helped to accelerate the construction of the ring main.

"Privatisation made it easier to raise the finance. Under public-sector restraints the authority never knew whether it was going to get enough money to complete the project. For the first time we are able to plan ahead with confidence," he says.

"As a public authority the tendency was to employ outside consultants to watch over the contractors and let them get on with the job," he adds. "As a private company we have to ensure that investments generate a satisfactory return. We have been much more active in managing and controlling the project. When things have started to go wrong we have been able to respond immediately to limit potential damage and keep tight control of costs."

He says that if the momentum can be sustained then London could provide a blueprint for other cities facing similar problems.



WORTH WATCHING
by Della Bradshaw

Bazooka Wide welcomes HDTV

TOSHIBA, the Japanese electronics company, is putting a television on the market aimed at bridging the gap between current television technology and high-definition TV, writes Steven Butler.

For a mere ¥1.2m (£5,300) - compared with at least ¥3.6m for full-fledged HDTV set - Japanese viewers can buy a wide-screen 36-inch television in EDTV (extended definition television) that has an internal converter capable of translating Japanese standard HDTV signals.

This means that the television, called Bazooka Wide, is capable of receiving everything put out by satellite and terrestrial broadcasts in Japan without the cost of an external converter. The picture quality is higher than ordinary sets that receive conventional NTSC signals, although it cannot match the clarity of HDTV pictures.

Toshiba believes the HDTV market will not take off until 1995, when the price of equipment will drop significantly.

The Bazooka Wide will not be made obsolete by changing broadcast standards, although it remains to be seen whether consumers will pay so much when a significantly better machine will become available at a more attractive price in a few years.

Tags tune in to radio signals

A TAGGING technology which promises the sophistication of radio-controlled tags but at a fraction of the cost has been developed by the Genetec Group, of Cambridge. The tag, measuring one inch by half an inch, is made of magnetic tape - similar

to that used in cassettes - in a plastic package. One reason the cost of the system is so low - each tag will cost just a few pence - is that the established method of putting data on to cassette tapes is used to encode the data on to the tag. A low-frequency magnetic reader is used to read the data as the tag passes within two metres.

As well as being used to tag animals or widgets on a production line, the low cost of the tag means it could be used on airline tickets so that a passenger could automatically be allowed into a lounge if he or she had the appropriate ticket.

A further application of the technology, which is now at the demonstrator stage, and which Genetec is planning to license internationally, is in tagging underground cables. Because the system uses magnetic resonance technology, the reader can detect and read tags buried underground.

Smart controls build up market

THE European market for advanced electronic building controls will be the largest "single" market in the world by 1995, according to the latest report from Propian, the research company specialising in the area.

In 1990 the European market for intelligent controls, which monitor and control such things as heating and lighting in a building in order to reduce fuel bills, was worth Ecu 545m (£280m). But, according to Propian, of Amersham, by the end of 1995 it will be worth Ecu 1bn.

The German and UK markets accounted for 65.5 per cent of total European sales last year. These two markets will continue to dominate the scene in 1995, says Propian, with the German market worth in excess of Ecu 4m by then. The Spanish market will also grow strongly, and by 1992 will be worth more than either the Belgian or Dutch markets.

G7 press get the data message

WHILE representatives of the group of seven industrial nations exchange views around conference tables in London this week, their accompanying press corps are keeping in touch with

electronic mailboxes.

BT Mobile Communications has devised a special package for the media, comprising a tone pager and a voice mailbox with two phone numbers. The first number is used by contacts or editors to enable them to leave recorded voice messages. Once the message is recorded, a signal is automatically sent to the pager to inform the journalist that he or she should pick up the message. That is done by dialling the second number.

BT says that 1,500 of these mailboxes are now in use.

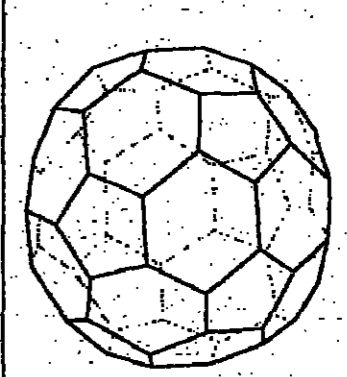
The heat is on superconductors

NEC, the Japanese electronics company, has edged into the lead in the race to produce a superconductor which can operate as close as possible to room temperature.

Today's superconductors only work at more than 200 degrees below freezing point. Electrical resistance comes in to play at temperatures above this. If the materials can be made to lose their resistance at higher temperatures they will find wide-spread applications in power generation and storage, medical applications and in trains and motor cars.

Researchers at NEC have developed a substance which is superconductive at -240 deg C, or 33 Kelvin (33 degrees above absolute zero). Apart from superconductive copper oxides, says NEC, this is the highest temperature yet achieved for this class of materials.

The substance was made by doping soccer ball-shaped molecules of carbon 60 with caesium and rubidium.



Contacts: Toshiba Japan, 03 3457 4511; Genetec Group, UK, 0223 424425; Propian, UK, 0494 722177; BT, UK, 021 586 4242; NEC, Japan, 03 3454 7111.

THE PROPERTY MARKET

Hopes of future respite in flight from London

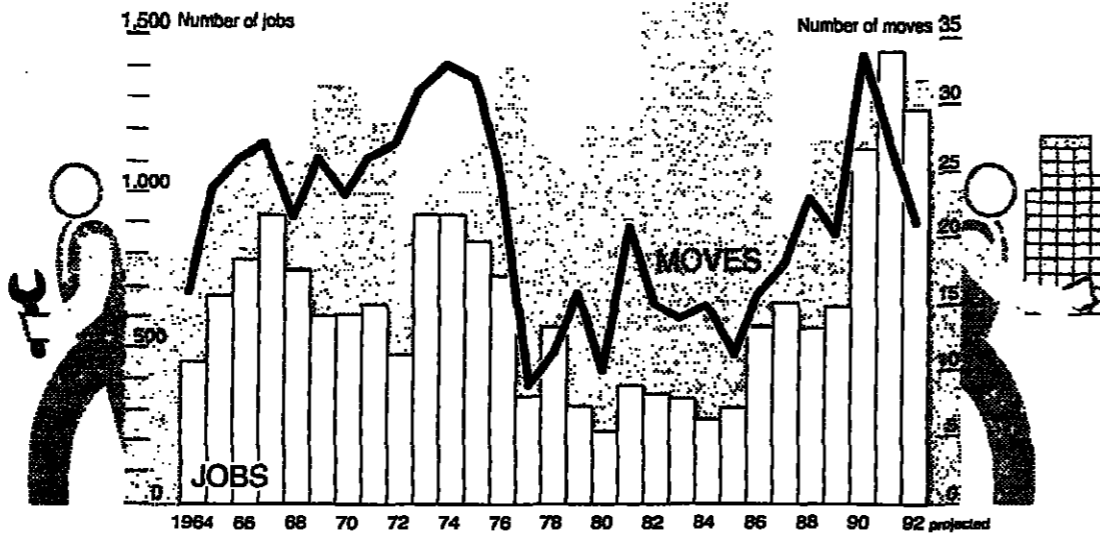
By Pamela Bruce

Companies are leaving central London in record numbers, according to the latest survey of their movements by the consulting and research department of Jones Lang Wootton, the chartered surveyor. But are fears expressed by some commentators that these departures could turn into a mass desertion of the capital justified?

There was a rising trend of relocations out of London during the 1980s and 1990s when the average annual number of jobs moved to the suburbs or regions was almost 7,000. By 1990 the number had fallen to 2,350. Last year this had escalated to 11,380 – a fourfold increase over the average for the decade and the highest figure recorded since 1964. The trend is set to continue upwards, with a further 48 organisations committed to move during 1991-92 taking with them more than 27,000 jobs.

Today's mass exodus by companies has its roots in decisions taken in response to the market of the mid- to late-1980s. Top rents in London almost doubled between 1985 and 1990. This growth in rents reflected the economic expansion of that period, deregulation of the financial markets and a shortage of immediately available, quality office floorspace. There was a wide differential between central London and provincial office markets rents. Even last year, when rents were falling, there was a sharp con-

MOVING OUT OF CENTRAL LONDON



Source: J.L.W. Consulting & Research

trast between accommodation costs in central London and provincial office centres: top office rents in the City and West End were £21 per sq ft and £70 per sq ft respectively while in the main centres outside London they ranged between £11 per sq ft in Nottingham and £17 in Glasgow to £25 per sq ft in Birmingham and £35 in Windsor.

Between 1985 and 1990 more than half the organisations which left

London cited property costs as the single most important reason for their decision to move. Industrial companies no longer predominate among the relocators as they did in the early and mid-1980s. Most have now relocated from central London. Last year the service sector, notably banking, insurance and business services companies, accounted for more than half of relocations.

A further surge in relocations from London is foreseen in the next two years. This is expected to be fuelled by the public sector as the government's programme of dispersing departments to the provinces, announced in 1988, takes effect. During 1991-92 9,000 government jobs, more than a third of all those likely to leave, will move out of central London.

The geographical distribution has

also shifted. Outer London and the rest of the south-east, traditional destinations for moves, declined in importance in 1990. Over the next few years more than half the known future moves are expected to be to centres outside the south-east. The emergence of Docklands as a prime office centre has extended the pattern of relocation eastwards.

Nevertheless the impact of the exodus on the capital's office market has been relatively limited: the amount of floorspace vacated is only a small proportion of the total office stock. Since 1983 6.8m sq ft was vacated, amounting to 4.4 per cent of total office stock, or only 0.6 per cent a year. Over the same period the volume of occupied stock increased by 12m sq ft as a result of increasing office employment. Total central London employment between 1984 and 1989 increased by almost three times the number of jobs which were dispersed.

Over the next year, by contrast, a small decline in office employment in London and the south-east is expected, although longer-term forecasts indicate the increase in office employment will continue. Therefore, in the short term at least, any relocation of office jobs out of London will have a net negative effect and will increase the supply of available office space in central London where 10.8 per cent of office stock stands empty today.

Given the changing economic climate, what will be the future scale

of company moves out of London? Short-term forecasts indicate a significant decline in 1993-1994. Although central London rents have increased sharply during the last decade, in absolute terms the differential between central London and the rest of the UK has narrowed, particularly in relation to the rest of the south-east. And real rental values are declining as availability of office space, and therefore choice to the occupier, has risen. This suggests that property costs may be less crucial in encouraging future relocation.

The tightening of the labour market has also encouraged relocation. Company cost-cutting measures are swelling the numbers out of work. Although never cited as the main reason behind a decision to move out of central London, shortages of skilled and clerical staff have also been a contributing factor. The shortages have also given rise to higher salaries as organisations competed for a diminishing supply of labour. The current rise in unemployment will affect relative labour costs and may well weaken their

influence on decentralisation. London is expected to maintain a relatively resilient position during the current countrywide decline in the number of school leavers. Local labour constraints outside London may inhibit the choice of destination for decentralisers, and could even deter companies from relocating.

The future of decentralisation from central London will be significantly influenced by two factors: relative accommodation costs and new technology. Rental movements in central London and the provincial office markets will continue to influence decisions to relocate, whether the differential widens or continues to close. Information technology will also have a telling effect. It not only allows companies to move as a whole or in part, away from London, it can also work in reverse, enabling significant staff economies to be made without the company having to move at all.

The author is head of London Offices Research, Jones Lang Wootton Consulting and Research

TOTAL RETURN (%)

	Real	Office	Industrial	All Properties
Year to May 91	-4.5	-10.3	-2.0	-6.4
Quarter to May 91	-0.1	-2.2	1.0	-0.7
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NOTICE is hereby given, pursuant to the provisions of Section 175 of the Companies Act 1985 ("the Act"), that SAPCO Holdings Limited ("the Company"), has approved by Special Resolution in General Meeting a payment out of capital for the purpose of repurchasing 12,150,000 Ordinary Shares of £1 each in the issued share capital. The amount of the permissible capital payment for the shares in question is £12,150,000. The Special Resolution granting approval was passed on 10 July 1991. The Statutory Declaration of the Directors of the Company and the Auditors' Report both required by Section 173 of the Act are available for inspection by any Member or Creditor of the Company at the Company's registered office during normal business hours. Any Creditor of the Company is entitled at any time within the period of five weeks commencing 15 July 1991 to apply to the Court under Section 176 of the Act for an Order cancelling the Resolution and prohibiting the payment.

BY ORDER OF THE BOARD

R M H Malthouse

Secretary

Registered Office:

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No. 24 of 1991

In the Kingston Upon Hull County Court

In the matter of

POLAR DISTRIBUTION SERVICES LIMITED

and in the Matter of the Insolvency Act 1986

A Petition to wind up the above-named company whose registered office is at Number 1 Silverdale Square, The Maltings, Silverdale Street, Kingston Upon Hull, presented on 15th July 1991 by Stewart (Pensioners) Ltd (the Petitioner), a company registered in England at Number 24 of 1991, claiming to be a Creditor of the Company will be heard at Kingston Upon Hull County Court on Wednesday 14th August 1991 at 10.30 a.m. (or as soon thereafter as the Petition can be heard).

Any person intending to appear on the hearing of the Petition (whether to support or oppose it) must give notice of intention to do so as the Petitioner or its Solicitor in accordance with Rule 4.18 by 1800 hours on Tuesday 20th August 1991.

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La fanciulla del West

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In this much treasured production from the 1970s the Royal Opera really did strike gold. The stage pictures aspire to Hollywood-like magnificence and put before us a Wild West of striking realism, where one can catch the pungent whiff of gunshot and the smell of cigars being smoked in the "Polka" saloon.

The piece is not counted among Puccini's favourite operas and yet it has more to offer than some which are. For in *La fanciulla del West* Puccini created a world very much of his own. Every one of the mining folk in this isolated community, where men live by sharing troubles and hardships, is a real character. There are no slick caricatures, only people with everyday strengths and failings; and the three principals come to life all the more vividly for that.

In this revival that trio is strongly cast. In the early stages Maria Zampieri does not deal frankly with the homey aspects of the miners' girl Mimie and the scenes of conviviality and bawling are a bit coy, but as soon as she produces the gun from her apron pocket we know that she means business. She has plenty of vocal power packed in her holster and rides the orchestra expertly at the big moments, a true Puccini soprano.

Zampieri has sung in this opera at Covent Garden before and so has her tenor, Giuseppe Giacomini, though this is the first time that they have appeared together. The pairing works well and Giacomini, though he always looks stiff on stage, is able to approach the role of Dick Johnson in the sure knowledge that he has the stamina and the ring in the voice to sing it. It is good to see two Italians as the leading couple.

The singer intended for Jack Rance was injured in rehearsal and so Justino Diaz, last week's Scarpia, has stepped in to sing the role of the villainous character at the beginning, though he warms to his task once the Sheriff is on the hunt. A lot of familiar faces flash past among the miners, including Robert Lloyd's superior Ashby, the Wells Fargo man, and the trusted Nick of Francis Egerton, in whom everybody seems to confide. Anthony Michaels-Moore is the fresh-faced Sonora and Mark Beasley as the roving minstrel Jack Wallace sings the opera's hit tune with fine, well-focused tone.

That the production still looks good can be taken for granted. With a tighter sense of direction some gratulations overacting could be curbed and the blasts of snow through Mimie's door be made to flurry more convincingly (laughter at this point is fatal). Mark Kraler does not spare the force of the drama and his conducting, if less glamorous in sound than Mehta's when the production was new, is another strong asset of the performance.

The opera undeniably makes an exciting evening. But it is also more. While one hardly needs it, it tells us about isolation and companionship, about how people react in a closed working community and the way that they have to learn to depend on each other. Puccini was a master indeed and *La fanciulla del West* is his unsung operatic masterpiece.

Richard Fairman



'Pity', c.1795, by William Blake

The art of communicating visions

Susan Moore reviews the William Blake exhibition at the Tate

A vein of the visionary and mystical glimmers through British art. At its source is William Blake, prophet, poet, painter and print-maker. The tradition continues with Samuel Palmer and Dante Gabriel Rossetti, both admirers of Blake, and re-emerges in this century in the work of, say, Cecil Collins and David Jones. Even those who do not care for Blake's art rarely fail to respond to his imagination, what he would have preferred to regard as his Poetic or Prophetic Genius. At the entrance to the new display of *William Blake and His Followers* at the Tate Gallery (until November 3), to emphasise the point, is one of Francis Bacon's painted heads inspired by Blake's haunting life mask.

The three basement galleries show the Tate's substantial and representative Blake holdings in its entirety. Walking into them, if uninitiated, is not unlike being dropped into the middle of a Bayreuth Ring cycle without a crib. Spreading out across the walls are the classic characters of Blake's complex personal mythology, often personifications of concepts evolved in the prophetic books of the 1790s: *Urizen*, *Los*, *Orc*, *Oothoon*. Nothing is familiar. Even his illustrations to the Bible, given his unorthodox Christianity, present us with an unrecognisable Old Testament Jehovah, vengeful and terrifying. His illustrations of Shakespeare, Milton and Dante tell us as much about his universal philosophical system as about the texts they are supposed to represent.

It is impossible to comprehend Blake's art without attempting to unravel this system. (If you would like a Virgil to guide your Dante, Tate Gallery Publications has produced a new and much enlarged edi-

tion of Martin Butler's excellent catalogue of the collection, *William Blake 1757-1827*, £55.) Both the display and catalogue emphasise the importance of Blake's seven-year apprenticeship as an engraver, and incidentally his lack of conventional training as an artist. (His grasp of anatomy is unimpaired; the musculature of the male figures is so pronounced that they look as if they have been flayed.) His engraving after Hogarth's *Act III of The Beggar's Opera* of 1790 shows him an accomplished technician, and it was in the realm of print-making that he was to prove most technically innovative.

He perfected a method - which he claimed was revealed to him by his dead brother in a vision - of printing text and illustration from the same copper plate. The *Songs of Innocence*, published in 1789, were the first to employ "illuminated printing", their watercolour tints applied by Blake after printing. His experimentation with colour printing culminated in the great series of colour prints from 1795 onwards, eight of which line one gallery wall. Among them are some Blake's most famous and compelling images: "Newton", "Elohim Creating Adam", "God Judging Adam", "Nebuchadnezzar", and "The House of Death". Their size, texture and density of colour - the consequence of printing with pigment suspended in gum, and working up the image in ink and watercolour - endow them with the character of oil painting.

Blake's colour printing and his equally idiosyncratic method of tempera painting can be seen as attempts to preserve the "clear and determinate outline" he so admired in Michelangelo and Raphael, which he felt was endangered both by painting in oils and by the influence of the

Venetian colourists. In contrast, he used colour symbolically, rarely descriptively. Nowhere is it more sensitive than in the radiant, prismatic hues of his illustrations of *The Divine Comedy*.

Perhaps unsurprisingly for an artist who was first and foremost a writer and engraver, line remained the only true means of communicating his vision. The primacy of line derived in part from a self-conscious primitivism, stemming from an admiration of the purity of line of both his beloved Gothic Westminster Abbey, and of the Ancient Greeks. Given Blake's unwieldiness, it is easy to forget that he belongs to the mainstream of European neo-classicism. For Blake, the apparently quintessentially English poet of Albion and author of "Jerusalem", was international in his intellectual range. He was steeped in the mystical theology of Boehme and Swedenborg, his pictorial language drawn from burgeoning German Romanticism and the Greek Revival.

Similarly, Blake's artistic legacy is to some extent based on misinterpretation. The Blake material on display here concludes with the tiny and atypical woodcut illustrations for Dr Thornton's *Pastorals of Virgil*, which the Doctor was loath to publish at first. Edward Calvert and Samuel Palmer seized upon them, the latter describing them as "visions of little dells, and nooks, and corners of Paradise; models of the exquisite pitch of intense poetry". The pastoral vision of England deemed implicit in Blake's designs inspired Palmer to create some of the most lyrical and spiritual evocations of the English landscape. A century later the spirit of Palmer re-appeared again in the early work of Paul Nash and Graham Sutherland.

Andrew St George

Mozart in Aix-en-Provence

AT the age of 11, Mozart had a commission from the Archbishop of Salzburg - not the unsympathetic Colloredo, who was famously to kick him downstairs later, but his predecessor Sigismund. It was a shared commission for a "sacred *Singspiel*" - an oratorio on an edifying German text entitled *Die Schuldigkeit des Ersten Gebots* (The Duty of the First Commandment). Wolfgang was to compose the first third, under Papa Leopold's guidance, while the remaining two-thirds were allotted to the safe hands of Michael Haydn and Cajetan Adlgasser. Those latter portions have been lost; only Wolfgang's survives.

Even in this Mozart year, a less likely candidate for modern staging could hardly be imagined. It takes nearly an hour and a half, during which a discouraged Christian (tenor) is piously exhorted by the Christian Soul (tenor), Justice and Compassion (soprano), and tempted innocently astray by a Worldly Spirit (another soprano), with inconclusive results. For Aix, the producer Jean-Claude Fall has therefore devised a brilliantly unlikely staging - an affectionate, absurdly extravagant joke. I liked it very much, though not everybody did: it was a painless way of presenting a non-viable piece of fascinating early Mozart.

The set is a stunning, perfect 3-D replica of Palladio's Teatro Olimpico stage at Vicenza (so expensive that it must be intended for further use). At the start, modern schoolboys in uniform sneak in to find a snoozing Christian, who has evidently had a tough night, amid packing-cases which contain looming statues. These prove of course to be the singing Virtues, who duly come to minatory life; but the Worldly Spirit arrives from outside as a sporty, flame-haired creature in a smock stuffed with paintbrushes. Not only does she organise the schoolboys into active games, but by the end she draws the bleary Christian away to a party. The living statues, by now in mock-medical garb (giving a metaphor in

the libretto), slip off to join them. Elena Vink is a delicious Worldly Spirit, and Valerie Masterson and Lorraine Hunt are solid Virtues. The Rossini-tenor Bruce Ford has most to do as the Christian Soul, and does it in assured style. John Denck's hungry Christian is fine. Only Tomas Fal and his Hungarian band, the Salieri Chamber Orchestra, sounded a trifle too staid and backward for the joke: this is a sprightly score, however high-minded its intentions, and it deserved an extra dash of fizz. The most striking pre-echoes are of *Die Entführung*, still several years away.

The new Aix *Figaro* is a solid, well-worked affair. Not many laughs - virtually none in the first two acts, which the producer Rudolf Noelle pursues with a sober clarity that leaves no playful space for comedy; and comedy is certainly not the forte of Friedrich Haider, who conducts with a determined forward drive, never skipping a beat for fun. His own harpsichord continuo, neither witty nor improvisatory, amounts to carefully shaped little pieces. Yet by Act 3 this firm dramatic trajectory acquires a force of its own.

That owed much to the Almariva couple here. If Charlotte Margiono's "Forgi amor" was too blandly mournful to reveal much character, her wounded dignity eventually told the whole story. Her "Dove sono" was profoundly affecting; and Andreas Schmidt delivered the Count's scenes with more intelligence and subtlety than any I've heard in years. With Manfred Hemm's chunky, offhand Figaro and some seasoned elders - Renato Capecci and Stuart Burrows as Don Bartolo and Basilio, and a fine over-ripe Mancollina from Carmen Gonzales - Judith Howarth's Susanna led the sextet with fetching sparkle.

She needs still to shake off her soubrette habits: her "Deh vieni" later was merely cute, nothing like the class act it

ought to be (just as Hemm's "Aprite un po'" was a routine grumble). Monica Groop's Cherubino was nearer the heart of the matter, not an ideally flighty adolescent but worried and touching, with a lovely mezzo of fascinating character. (We can look forward to hearing her in the next Royal Opera Ring.)

For the first three acts Eva Maria Hieber has designed a single grand drawing-room, with opulent painted ceiling. Economical, certainly, and it avoids a long scene-change after Act 1; on the other hand it can't be either the little room destined for Figaro and his bride, nor the Countess's bedroom - and it has too many doors for the farcical locking-up business. Were it succeeded by a really ingenious Garden scene the economy might be justified; but that final scene is as bitty and unconvincing as it usually is. (At least we are spared the extraneous arias.) Schmidt and Haider, for all their virtues, fail to crown the action with a properly spectacular triumph-and-downfall for the Count, so the ultimate apology is just smooth and genial.

An all-Mozart concert in the Saint-Sauveur Cathedral, with William Christie and his "Arts Florissants", included a stirring triumph, the dramatic cantata *Davidide penitente* that Mozart reconstructed from his C minor Mass. It was played searchingly and with the utmost verve, and the chorus was in superlative form. The three solo singers, all from the Rameau *Castor et Pollux* cast, were Howard Crook and the cleverly matched sopranos Veronique Gens and Sandrine Piau, the one broad and generous, the other brightly etched and fleet. Though the concert had begun a half-hour late amid the customary confusion, all was forgiven - and there was the bonus of Rachel Yakar's warm, unstinting soprano in the "Exultate, Jubilate" too.

David Murray

Vadim Repin, Rolf Hind

BARRICAN HALL

It was the plan of the London Symphony Orchestra, under Valery Gergiev to make the concerto of Wednesday's all-Russian programme a display-case for the most recent Carl Flesch competition winner - Maxim Vengerov, the 17-year-old Russo-Israeli violinist whose Wigmore Hall recital in May sent the audience (and, on this page, David Murray) mad with delight. Alas, the plan went awry. Vengerov fell ill. Still, his replacement was by no means without interest: another young Russian prizewinner, just 20, and gifted with a technique of extraordinary resilience.

Vadim Repin has black hair, a broad, high-cheeked Tartar profile, and - more significant for his performance of the Prokofiev First Concerto - a notably powerful physique. He strode into the opening with enormous confidence, and kept the technical brilliance coming to the last high trill. To watch Repin tackle a piece of tricky figuration is nearly as instructive as to listen: the bow-arm flashes, the vigour of movement is startling. He can throw off broad, full-voiced phrases with absolute ease; he can be dashing at speed (Gergiev and the LSO sometimes had a job keeping up); technically, there is

nothing he cannot do. But for all that it was a rather empty experience, since Repin's imaginative faculties have plainly not kept in step with his technique. The enchanted side of the music - *sognando* is the very first marking - escaped him entirely; there was no fantasy in the phrasing, no attempt to work magical variations of tone-colour. The reading proved to be in the nature of a superior circus turn - and both enjoyable and disappointing for just that reason.

A rather different sort of young virtuoso set off the final weekend of the new-music festival Platform 1 at the Arts Theatre, WC2. Rolf Hind, not far into his 20s, is a young English pianist with both brilliant fingers and a razor-sharp musical mind. In a short time he has achieved an enviable reputation in the field of new and recent music; this is a famously stony terrain to cultivate, but last Friday's recital was full of Fridays - not just because the programme was well chosen, but because it was delivered with communicative flair and technical aplomb.

He is specially good with coruscating fast figuration calling for speed and taste in

equal proportions. Alike in the toccata-like flourishes of Bent Sorensen's *Microcosm of the Sea* and Michael Finnissy's *Three English Country Times* there were plenty of chances to provide both dazzle and charm. The Lisztian sound-inventions of Anthony Powers's Second Sonata - bell-resonances, tremolando flourishes - were kept vivid and appealing in spite of the slightly dry Arts Theatre acoustics, though the argument seemed unprofitably long-winded.

Best of all, there were choice accounts, trenchantly timed and characterised, gripping to follow for both sense and sensual enjoyment, of the marvellously appealing Studies 1-8 by Ligeti and the 13 *Postludes* of Paul Rueders. The Rueders piece (1969, and written in the wake of the powerful Symphony given at last year's Frome) - this was its British premiere - is a connected suite of small forms with such subtleties as *Ostinato*, *Duetto*, *Toccata*, and *Aria*. The subject of each, whether of colour, texture or imitative gesture, is developed with palpable skill and subtlety, with economy of touch and focus: this is "real" piano music written by a composer who knows the instrument from the inside.

Max Loppert

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Rijksmuseum Indian Miniatures from Paris: 100 pieces from the Fondation Custodia collection, illustrating Mogul histories and Hindu epics from 18th to 19th centuries. Ends Sep 22. Closed Mon. Stedelijk Museum Prints by Charles Meyron (1812-1888). Ends Aug 4. Daily. Van Gogh Museum Japan: Van Gogh's Utopia, examining the influence of Japanese prints and culture on the life and work of Van Gogh. Ends Sep 22. Daily.

BARCELONA

Fundacio Joan Miro Wols and Cucchi: exhibition of paintings, photographs and illustrated books by the German experimental artist Otto Alfred Wolfgang Schulze, and installations by the "unravanguard" Italian artist Enzo Cucchi (b1949). Ends Sep 15. Closed Mon.

CHICAGO

Art Institute Degenerate Art: The Fate of the Avant-Garde in Nazi

Germany, featuring the work of artists held up for public mockery in 1937, who later won recognition as masters of their realm. This is a widely-acclaimed exhibition originally mounted by the Los Angeles County Museum. Ends Sep 8. Daily.

DIJON

Musee des Beaux-Arts Matisse: Masterworks from Nice, an exhibition including many of his best-known paintings, drawings and sculpture, on loan from the permanent collection in the town where the French painter found much of his inspiration. Ends Oct 6. Closed Tues.

DRESDEN

Albertinum Hans Arp and Sophie Taeuber-Arp: paintings, drawings and sculpture by early 20th century Dadaist pioneers. Ends Aug 11. Closed Mon. Zwinger Exhibition of rare Meissen porcelain dating from early 18th century. Ends Oct 6. Closed Mon.

EDINBURGH

Royal Scottish Academy Virtue and Vision: Sculpture and Scotland 1540-1990, tracing developments since the early days of court patronage to the strong native school of the present. Ends Sep 15. Daily.

FLORENCE

Casa Buonarroti Artemisia Gentileschi (1597-1653), follower of Caravaggio and possibly the most famous woman artist of all

time. The exhibition includes 30 paintings from Italian and foreign museums, together with several masterpieces by her father Orazio. Ends Nov 4. Closed Tues. Museo Nazionale del Bargello The Bronzes of Galloppa's Writing Desk: the collection of bronze and marble statues built up by Cosimo I de' Medici between 1550 and 1574, and stored in the Scrittoio di Galloppa, a small room used to guard the Grand Duke's most precious belongings. Ends Aug 25. Closed Mon.

FRANKFURT

Schirn Kunsthalle From Expressionism to the Resistance: Art in Germany 1919-1936, the Fishman collection. One of the most significant collections of German art from between the wars, with 190 paintings, drawings and sculptures by artists such as Beckmann, Kirchner, Dix and Meidner. Ends Aug 18. Also Marc Chagall: the Russian years (1906-22), with 250 oils, watercolours, drawings and sketches. Ends Sep 8. Daily. Stadel Bruce Nauman: sculptures and drawings 1965-90. Ends Aug 18. Daily.

LAUSANNE

Hermitege Pierre Bonnard: 150 oils, drawings and sculptures by the French painter (1867-1947). Ends Oct 6. Closed Mon.

LONDON

Hayward Gallery Richard Long (b1945): sculptures, mud works and photographs inspired by walks

in landscapes as varied as Dartmoor, the Himalayas and the Sahara. Ends Aug 11. Daily. National Gallery Guercino in Britain: 27 paintings from British public and private collections by one of the finest 17th century Italian artists. Ends July 31. The new Sainsbury Wing, designed by Robert Venturi, is now open, housing the National Gallery's fine collection of early Renaissance paintings. Daily. Walspole Gallery The Fauve Landscape: Matisse, Derain, Braque and Their Circle 1904-1908. Ends Sep 1. Daily. Tate Gallery John Constable: largest-ever survey of the English artist's work. Ends Sep 15. Daily. Victoria and Albert Museum Wish You Were Here: The Printed Seaside, a collection of traditional and contemporary seaside graphics. Ends Sep 1. Daily. Walspole Gallery The Cinquecento: more than 50 Italian paintings and old master drawings. Ends July 28. Closed Sun.

MILAN

Palazzo Reale Filippo de Pisis (1896-1956): an exhibition, drawn primarily from Milanesi private collections, of paintings by the Italian artist. Ends Oct 13. Daily.

MUNICH

Kunsthalle der Hypo-Kulturstiftung Thought Pictures: Contemporary Art 1980-90. Installations and paintings by 50 internationally-recognised artists including Donald Judd, Frank Stella and Bruce Nauman. Ends Sep 8. Daily.

PARIS

Centre Georges Pompidou Andre Breton (1896-1966): the aesthetic world of one of the leading theorists of Surrealism. Ends Aug 26. Closed Tues.

Leinbachhaus Franz Gertsch: Monumental Woodcuts 1986-91. Ends Aug 25. Closed Mon.

NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism, including works by Gauguin, Cezanne, Van Gogh, Renoir and Degas. Ends Oct 13. Also The Art of Paul Klee: retrospective of one of America's foremost 20th century artists. Ends Sep 1. Also Sculpture of Indonesia. Ends Aug 18. Closed Mon. Museum of Modern Art Ad Reinhardt (1913-67): the first full-scale retrospective. Ends Sep 2. Also The Gardens and Parks of Roberto Burle Marx: 20th century landscape architect. Also Seven Master Printmakers, showing how Hockney, Rauschenberg and others redefined possibilities for print in the 1960s. Ends Aug 13. Closed Wed. Whitney Museum of American Art Hans Dieckhoff: figurative sculpture and drawings by a long-neglected early 20th century artist. Ends Sep 23. Also John Baldessari: retrospective of 22 years of work by a pioneer of conceptual art. Ends Oct 20. Also American Life: the 20th century American experience as seen in its art. Ends Nov 10. Closed Mon.

ROME

Capitoline museums and Accademia Valentino Valentino: Thirty Years of Magic. The

Grand Palais Georges Seurat (1859-91): 180 paintings, studies and drawings. Ends Aug 12. Closed Tues.

Jeu de Paume Jean Dubuffet: The Last Years. The renowned former temple of Impressionism inaugurates its new role as a national gallery of contemporary art with an exhibition devoted to the founder of art brut. Ends Sep 22. Daily.

Louvre des Antiquaires Seating power: the historical development of seats as furniture, including a maharajah's throne, guided Louis XIV armchairs and art nouveau chairs. Ends Aug 16. Closed Mon. Triennale de l'Architecture Influence of French art on four Romanian painters between 1965 and 1920. Ends Sep 8. Daily. Musée Picasso, Hôtel Sale The world's largest collection of Picasso's work, completed by Picasso's own collection of paintings by friends such as Braque and Matisse, and artists he admired, including Renoir and Cezanne. Closed Tues.

Musee Rodin, Hôtel Ivoire This delightful 18th century town house contains the life work of the sculptor Auguste Rodin. Closed Tues. Carles musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles.

WASHINGTON

National Gallery Chardin's Soap Bubbles: three autograph versions of the famous composition of a boy blowing soap bubbles by Jean-Simeon Chardin. Also Robert Rauschenberg (b1925): 150 examples of the influential American artist's recent work. Ends Sep 2. Daily.

Capitoline museums (ends July 26, closed Mon) show photographs of Valentino designs, while the Accademia (ends Nov 5, daily) has 300 outfits made between 1960 and 1980 with their original accessories. Palazzo Ruspoli The Mark of Genius: 100 old master drawings from mid-15th to late-18th centuries, all of exceptional quality, lent by the Ashmolean Museum in Oxford. Mainly Italian, with five Raphaels including the so-called self-portrait, and several of Michelangelo's studies for the Sistine Chapel, but also a delightful Boucher and unusual works by Frans Hals, Fragonard and Ingres. Ends July 28. Daily.

VIENNA

Albertina Austrian Watercolours of the 19th Century: 70 works documenting the achievements of Austrian painters before the advent of Jugendstil and the Sezessionen. Ends Sep 1. Closed Sun. Kunsthistorisches Museum Gold from the Kremlin: 100 works from the era of the Tsars, many never seen outside Moscow, including the gold crown of Peter the Great. Ends Sep 1. Closed Mon.

WASHINGTON

National Gallery Chardin's Soap Bubbles: three autograph versions of the famous composition of a boy blowing soap bubbles by Jean-Simeon Chardin. Also Robert Rauschenberg (b1925): 150 examples of the influential American artist's recent work. Ends Sep 2. Daily.

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G7 and the Soviet crisis

IT WOULD be easy, but facile, to conclude that the Group of Seven industrial countries for floundering while the Soviet Union burns. It is burning, but for the moment the G7 can do little more than fiddle. Yet if the leaders believe that their slender six-point programme has put the problem of the Soviet Union on hold for any lengthy period, they are in for a rude shock. The plight of the Soviet Union will soon be at the head of the international agenda once more. The leaders should work out now what they intend to do then.

The G7's current plan is to engage the Soviet authorities in an intensive dialogue with both the staffs of the international financial institutions and themselves. They are right to do so. The more enmeshed in such a dialogue the Soviet Union becomes, the more difficult it will be for it to draw back into sullen autarky.

The G7 was also right not to make promises of large-scale financial support. The Soviet Union still lacks the necessary social, political and economic conditions for a successful reform or, more precisely, since nobody, including the International Monetary Fund and the World Bank, knows how to secure success - for starting a reform that might prove successful.

Among those conditions is a crisis that renders the status quo no longer an option for any politically influential segment of society. Such a crisis is now engulfing the Soviet Union. The main achievement of Mr Gorbachev in internal economic affairs has been to bring the country closer to that crisis. In terms of Marxian dialectic, the economy's creakiness was the thesis, Mr Gorbachev's botched reforms the antithesis and movement from a measure of stability towards disintegration the synthesis.

Unemployment in Europe

LONG-TERM unemployment has plagued most European economies over the past decade. It is economically wasteful and personally disastrous. But most importantly for policy-makers, it is very hard to remove, once entrenched.

Now, with unemployment rising again in many European countries, not least in the UK, governments should reflect on the lessons of the past decade. For, as the latest OECD Employment Outlook states, "experience has shown that appropriate measures are not taken, a rapid surge in the numbers entering unemployment can be followed by a durable rise in long-term unemployment."

Unemployment in the EC rose from 6.4 per cent in 1980 to 10.9 per cent in 1988. But most European governments failed to introduce adequate retraining and re-employment opportunities. As a result, the proportion of the unemployed out of work for more than a year rose to 33.7 per cent in 1988, from 22.7 per cent in 1980.

The long-term unemployed tend to lose their skills, motivation and capacity to work and learn new skills. In 1990, after a record period of sustained economic growth and high vacancies, EC unemployment remained at 8.4 per cent of the labour force. Unemployment in Europe is rising again, from a higher base than a decade ago. The OECD economic outlook predicts that EC unemployment will rise to 9.8 per cent in 1992.

British problems
The UK is in the vanguard of the afflicted. Yesterday's announcement that unemployment rose by a seasonally adjusted 60,000 in June takes the total rise since March of last year to 685,000. The OECD expects the UK unemployment rate to rise from 2.9 percentage points below the EC average in 1990 to 0.3 percentage points above it by 1992.

Yesterday's report argues that policy should, crucially, aim to ensure that the newly unemployed maintain contact with the labour market. Government should provide "active" labour market measures: guidance, counselling and placement services -

fiscal system has collapsed, while monetary expansion is filling the gap. These developments reflect and exacerbate the tensions between the republics and the centre that is the dominant fact of Soviet political life. The day of reckoning is coming closer.

Hyperinflation

That day may even come this year. Difficulties over external debt would be one harbinger. Another would be a take-off into hyperinflation. A third would be still more rapid declines in output.

As has been the case throughout the period of perestroika, the present official reform programme is more radical than the previous one. But each programme has also lagged behind reality, while implementation lags behind each programme. These lags could diminish considerably, once the need for decisive action becomes evident to almost everyone who matters.

At this point that the G7 will find itself deeply involved, willy-nilly. It will insist on changes by the Soviet Union in such sensitive areas as the role of the military and the establishment of private property. It will want to see a workable fiscal and monetary constitution at last. But it will probably feel obliged to offer swift financial assistance as well.

It is easy to understand why the G7 has failed to recognise either the pace of events or their implications. For assistance to the Soviet Union will create horrible dilemmas. Nobody would want assistance to be at the expense of reforming countries of eastern and central Europe or the developing world. Nobody would want to become embroiled in Soviet internal politics.

Yet the G7 countries need to recognise that Soviet economic reform is reaching the end of its beginning, the destruction of the Stalinist system. The time for comprehensive reform will come quite soon. It is a process in which the west will feel obliged to become involved. For the alternative to such reform will be either total collapse or a brutal reaction. The west cannot yet act decisively. But it should prepare itself now to act decisively soon.

which keep the unemployed searching for jobs. Yet the OECD report is excessively cautious about direct job creation. It fears that an out-break of temporary work schemes during the current slowdown will create dead-end, low productivity jobs and divert governments from the longer-term aim of matching the unemployed to jobs more efficiently.

During a recession persistent and fruitless job-search may damage the morale of the unemployed. Yet it is neither feasible nor desirable for governments to re-train everyone who is temporarily unemployed. The last recession there is nothing more dead-end than a prolonged period of unemployment. Work of any kind is better than nothing.

Cosmetic policies

The more important risk is that labour market policies will again prove cosmetic. The UK government, for example, has recently announced a scheme providing places in 1991-92 for 30,000 people unemployed for over six months and 60,000 places in 1992-93. But by April the number of unemployed out of work for over six months was almost 1m.

Governments must also address the legacy of the 1980s. High and prolonged unemployment has led to under-investment in human capital, particularly among young people. The young long-term unemployed should all be granted either quality training or temporary employment, with unemployment benefits conditional upon their accepting one of these options. As demographic changes will reduce the number of young people entering the labour market over the next few years, the OECD predicts that without such action labour bottlenecks and so wage inflation will result.

The challenge of tackling the legacy of high and persistent unemployment of the 1980s is as important an issue for European economic welfare as the EC single market programme. It is a challenge that most governments have persistently ducked over the past decade. They can afford to do so no longer.

Sir Bob Reid, chairman of British Rail, does not go around saying so out loud, but he is no great enthusiast for the privatisation of the railways. It is just as well for the prospect of an early entry by BR into the private sector appears to have receded into the far distance.

After a brief period at the end of the 1980s during which buoyant passenger revenues and rising property profits brought three years of hefty surpluses, the corporation has not only slipped back into the red now, but looks likely to stay that way for a long time.

The question this raises is that, even supposing the political and practical obstacles to BR's privatisation can be surmounted, who is going to come forward to buy it?

Although a product of the Thatcher epoch, the government's commitment to rail privatisation has grown still stronger since Mr Major took office and installed Mr Malcolm Rifkind as his transport secretary.

Less than three months ago Mr Rifkind was telling BBC Television's *On The Record* programme: "Certainly, what we hope to see is either the whole of British Rail or a very substantial portion of British Rail in the private sector during the course of the next parliament."

Since then, however, harsh reality has intruded in the form of the annual report for the year to March 1991 showing just how poor BR's financial prospects remain.

The corporation's brief flirtation with pre-tax profits had already been interrupted the previous year by a bout of industrial action. In the latest year, pre-tax losses more than doubled from £44.4m to £83.1m.

In the year ending March 1990 BR had been consoling by a third consecutive year of extraordinary property profits which contributed to an overall surplus of £289.5m. But last year property profits slumped by two-thirds, leaving BR nursing an overall deficit of £10.9m.

BR, of course, is not the only British company suffering in the recession. It would have been the more surprising, it could be argued, if the railways had not dipped into the red. But only a small part of the blame can be attributed to recession. BR actually carried more passengers last year, producing an 8 per cent rise in receipts. Subsidies, too, shot up by 19 per cent.

What caused the pre-tax loss was not a decline in income, but a heavy increase in operating costs and a surge in the interest charges.

Neither of these is going to go away. On the contrary, they are going to get bigger. In the late 1980s, BR made money because it was cramming ever larger numbers of passengers into ageing trains that had long since been depreciated to zero.

Spreading much the same number of passengers among a larger number of expensive, new trains does little to increase revenues but a great deal to

increase costs - as Network SouthEast demonstrated this week with its decision to claw back an £8m overspend by trimming rush-hour train services.

Meanwhile BR faces a massive bill to catch up on years of under-investment in its infrastructure. To take just some of the bigger headline projects, the London Euston to Glasgow main line is due for a £750m-plus refurbishment; Network SouthEast is committed to spending £700m on trains, stations and signalling for its inner Kent services; and updating the infrastructure in readiness for Channel tunnel services will cost £1.1bn, even without provision for the

planned high-speed link. On top of this, there is the post-Chapman issue of safety. This is BR's top priority, and it is extraordinarily expensive. Extra spending over the next decade is likely to exceed £1bn and, unlike most other investment spending, it will deliver a financial return of virtually zero.

While property profits might offer some solace to a prospective purchaser, they will not count for much. BR has already sold off the crown jewels of its portfolio. As for the rest, the privatisation legislation will undoubtedly contain tough provisions to prevent asset-stripping, and the

government will almost certainly insist that it should share in any windfall property profits accruing to a private sector buyer.

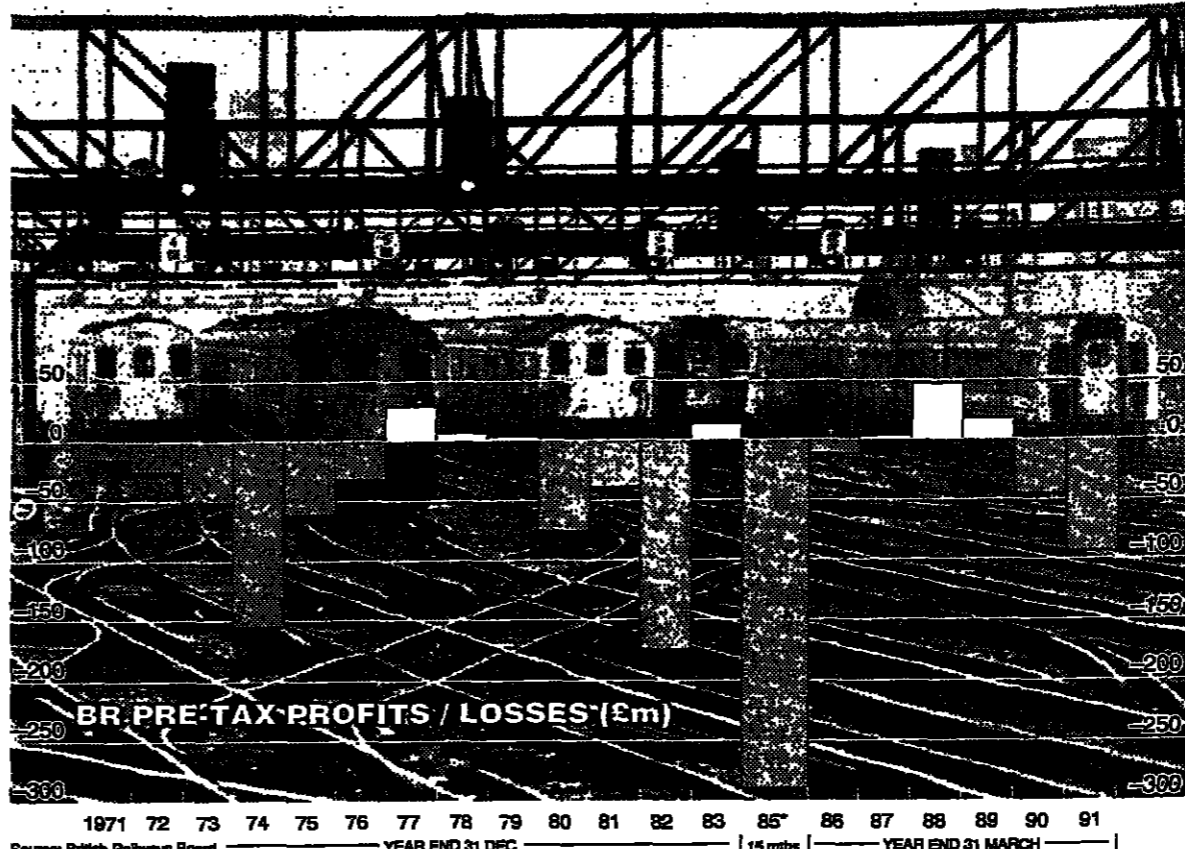
On the other hand, it never seemed likely that BR would be sold as a single entity. Mr Rifkind has indicated that he would prefer to see BR's business sectors sold off individually as they became profitable.

None, however, seems likely to deliver a commercial return for years. InterCity, the most profitable sector, produced a current cost return of nil last year. Railfreight, which like InterCity, receives no subsidies -

turned in losses of £58.6m.

Speedy British Rail privatisation is growing less likely. Richard Tomkins explains why

All the signals are flashing red



Source: British Railways Board

Increase costs - as Network SouthEast demonstrated this week with its decision to claw back an £8m overspend by trimming rush-hour train services.

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The outlook for the two subsidised sectors is worse still. Network SouthEast is supposed to be working towards an elimination of its government subsidy. Instead, it increased its call on the taxpayer last year from £80m to £142.7m. Regional Railways subsidy rose from £494.8m to £528.8m.

As Sir Bob was heard to remark when the results came out, there are only two ways BR's financial performance can be improved sufficiently to attract a private-sector purchaser. One is to procure swinging cuts in its cost base. The other is to allow it to charge market-related fares instead of pegging them at the rate of inflation.

Neither seems likely to happen. On the cost side, most of the big strikes in productivity were made during the 1980s, and the survival of the once-threatened Settle-Carlisle line shows that the government lacks the stomach for closing loss-making routes. On revenue, any government which gave BR leave to introduce the massive fare increases needed to make the railway profitable would risk political suicide.

What seems increasingly likely, therefore, is that the privatisation commitment will be fulfilled through a piecemeal sale of BR's more attractive operations. The coal trains that feed the power stations, for example, could be sold to the power generators; the Gatwick Express could go to BAA, the airports operator; and the Channel tunnel expresses could go to Euro-tunnel.

The clear disadvantage of this option is that the loss of BR's most attractive services would further reduce the profits of the rump of the railway, so delaying - and possibly eliminating - its eventual privatisation.

There is an alternative. One reason why so much of BR is unprofitable is because the cost of maintaining, operating and improving its track infrastructure is so high. If ownership of the infrastructure were separate from ownership of the trains - just as it is in the case of vehicles and roads, aircraft and airports, ships and ports - the train services themselves could be privatised in great swathes.

Mr Rifkind and BR are united in their hostility to such a separation. BR says the trains and the tracks are indivisible for operational reasons and Mr Rifkind believes a track-owning authority, whether in the public or private sector, would be a big, inefficient monopoly.

Indeed, the creation of such an authority would pose severe regulatory problems of the kind already experienced with British Gas and BT. But it would delight the European Commission, which has advocated it for all EC railways as a way of making it easier for new, private sector train operators to enter the market, and given the options of a messy privatisation or none at all, Mr Rifkind may yet have to consider it further.

The Japanese experience

up the railways, sell them to the private sector, and use the proceeds to pay off the borrowings. In April 1987, therefore, the largest part of the debt was handed over to the JNR Settlement Corporation and the railway operations were split between six regional passenger railway companies and a national freight company.

Adverse stock market conditions have held up the planned flotation of the companies, but they are already showing how profitable running a railway can be. Immediately before privatisation, their losses had been running at £10m a year. In the financial year just ended, their combined profits amounted to \$3.6bn.

Debt relief is only one reason for the turnaround. The companies have also been helped by a massive reduction in the workforce from 470,000 a decade ago to less than 200,000 now.

But Mr Shuichiro Yamanouchi, executive vice-president of JR East, the biggest regional company, says there are other factors at work. The pre-1987 decline in passenger traffic has been halted and turned into annual growth of nearly 5 per cent, he says. As a result, income has risen 26 per cent in the last four years without an increase in fares.

Mr Yamanouchi says passengers have been lured back to the trains because surly and strike-prone employees have become helpful and enthusiastic. JR East has also invested in smart new rolling stock and introduced a range of up-market services, apparently with considerable success: you have to book a

month ahead to be sure of a seat on JR East's luxury panorama train from Tokyo to the picturesque Iza Peninsula.

All this has taken place without the need for competition between different owners' trains on the same tracks. Privatisation Japanese-style leaves the railway companies themselves to decide whether they want to allow access to other operators' trains. On the whole, they do not. Mr Yamanouchi says competition from road transport, the airlines and the smaller private railways is quite tough enough to keep them on their toes.

Could the Japanese experience be translated to Britain? There is plenty of room for doubt. Japan's mountainous interior means

much of the country's urban development is concentrated in densely populated corridors along the coast. A concomitant is that high land prices, particularly in Tokyo, result in people living far from where they work.

Add to that the country's high economic growth rate and the difficulty of travelling by congested roads, and it is not hard to understand why passenger loadings per route mile, at least on the Honshu mainland, are many times heavier than anywhere in western Europe.

Significantly, too, not even Japan's railways envisage a day when the returns from train operation will be high enough to cover the cost of building new lines. Thus, although JR East is building a 7800m line from Takasaki to Nagano, it is only because 35 per cent of the cost is being met by central government and another 15 per cent by local authorities. Public/private sector co-operation on this scale is unheard of in Britain.

remaining stake in BT. The last time the company had a group managing director, he was abolished on grounds that a reorganisation had left no job for him to do. Now BT has hired headhunters to find a highly paid replacement, but despite a long trawl of the employment exchanges during the deepest recession in decades, the prize fish has failed to pop up.

Why not give the chairman-ship to a political insider like Norman Tebbit, and let Vallance get back to running the business? It could even save some money.

Teetering

Still on the subject of group managing directors, the reshuffling of jobs at the top of the teetering Brest Walker empire smacks of desperation. In comes Ken Scobie - a veteran corporate rescuer - although it's far from clear whether he is the bankers' favourite salvage man.

Nevertheless it seems to be a case of all hands to the pump, and although outsiders might have mistaken Nicholas Ward for chief executive, he is in fact group managing director. One thing both men have in common is that both are seeking special compensation after bustups with their previous employers. Not the most reassuring of signs.

Can Britain's biggest company BT really need yet another group managing director? It would do much better to find itself a new chairman or new chief executive.

The 48-year-old Iain Vallance does both jobs at present and for all his growth in stature since privatisation, it is increasingly clear that he should be either one or the other, but not both.

Separating the posts would be highly appropriate in BT's current situation. It is in the midst of a long overdue cost-reduction programme, which is leading to far-reaching organisational changes, at the same time as facing major regulatory challenges while the Government is planning to sell a big chunk of its

For his next act

Poor Mikhail Gorbachev. After Observer's suggestion yesterday that his name be given to one of the newly discovered fast pulsars - one-time stars that go round in circles at bewildering speed - he's being asked to throw his hat into yet another ring.

The 60 artists (not to mention nine Cossack horses) staging Moscow State Circus's summer season in London have begged him to help save their show, at risk of folding because of low audiences.

Out of the frying pan

Late last month a little known Bank of England official walked out of the Blue Arrow hearing in London's Old Bailey. Since then, he has been straight to Heathrow and flew to Hong Kong to take a cushy-seeming but important secondment as the colony's banking commissioner.

David Carse, a supervision manager at the Bank, thought he had left hard times behind him. He had been giving evidence for three days in the Blue Arrow case, generating headlines such as "top Bank official denies attempt to defend NatWest" and "Senior Bank men are accused of conspiracy".

He was reckoning without the BCCI collapse. Three weeks later when he failed to close the bank's Hong Kong office, BCCI, immediately after the Bank of England's international clampdown.

That delay has led to mounting public criticism, and raises questions of why the Bank's remit did not extend to Hong Kong. Consequent uncertainty culminated this week in a run on other banks, and large demonstrations by depositors who clashed with police when BCCI's imminent liquidation was announced.

The man who is sitting pretty through all this is Tony Nicolle, Carse's predecessor. Nicolle is on leave enjoying a period of "sanitisation" before he returns to the colony and a much grander lifestyle as Standard Chartered's area general manager for Hong Kong and China.

On the slipway

If Sir Samuel Cunard had sold his shipping business during his lifetime, it would have been a bad day for the port of Liverpool. But Trafalgar House's Sir Nigel Brookes is not Sam Cunard,

OBSERVER

and Trafalgar House's sale of its Liverpool cargo shipping operations to P&O is just the latest chapter in the sad decline of a once great British shipping company.

Bill Slater, who started with Thos & Jno Brocklebank and rose to become managing director of the Cunard Steamship Company, admits being rather sad. But as chairman of the Mersey Docks and Harbour Company, he says Cunard's departure will have no impact on his port. It has been profitable for several years now. Traffic rose by 3m tonnes to 23m last year, and the recession is not having much impact.

Liverpool is once again pinning business from ports like Felixstowe, which just might have something to do with the fact that it's no longer dominated by shipowners like Cunard.

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INTERNATIONAL COMPANIES AND FINANCE

Mail order business buoys Great Universal Stores

By Jane Fuller in London

GREAT Universal Stores, the UK mail order, financial services and property group, proved its defensive qualities with its 44th successive increase in annual pre-tax profit.

The taxable figure for the year to March 31 advanced by just over 3 per cent to £431.2m (\$361.9m) from £417.8m a year earlier on turnover of £2.58bn, against £2.69bn last time.

The A share price slipped 31p to 1.259p as the results were at the lower end of expectations. A tinge of market disappointment was also evident on the lack of movement in franchising the A shares, more than 50 per cent of which are held by the Wolfson Foundation and family trusts. The group is reviewing the matter.

The ordinary share price gained 11p to close at 1.589p. Two-thirds of turnover and £185m - 45 per cent - of pre-

tax profit came from the mail order business. The near £15m increase and a margin improvement was achieved with the help of new technology for ordering and distribution systems.

Mr Richard Pugh, chairman, said the business had also proved recession resistant as shoppers had realised catalogue prices were what people actually paid over 20 or 38 weeks, with no heavy APR on their credit cards.

The retail chains had suffered, however, from recession in the UK and Canada. The Burberrys and Scotch House divisions had also been hit by the lack of visitors to big cities during the Gulf war. Retailing brought in £46.4m pre-tax, compared with £52.3m in 1989-90.

In finance and banking, advances to customers were down and bad debt provisions were up, but those factors were

offset by the high interest rates available for the money collected. With business services and investments, pre-tax profit from this division was held at £140.8m, although turnover fell to £574.3m (£772.6m). The group had noticed some signs of improvement in consumer financing, particularly to buy second-hand cars.

Great Universal Stores has 1,300 freehold properties, mostly in the UK retailing sector, and profits rose to £59.1m (£54m).

The figures benefited from an advance in interest income to £87.1m as the cash balances grew to £443m.

Earnings per ordinary share rose to 116.3p (109.1p). The net asset value per share stood at 1.150p (1.137p) on March 31. The final dividend has been increased to 25.5p, making a total of 37.5p (34.5p). *Lex, Page 14*

Digital may take over Philips units

By Ronald van de Krol in Amsterdam

DIGITAL EQUIPMENT of the US appears poised to take over the loss-making mini-computer and computer networking activities of Philips of the Netherlands.

Responding to newspaper articles in the Netherlands, Sweden and Italy, the two companies declined to comment on reports that an announcement on the sale of Philips' Information Systems division was imminent.

A spokesman for Digital, who earlier this month had said there was no truth to rumours of a deal, said that the company could not comment. Union officials in the Netherlands said that Digital was considered to be the leading candidate to take over the division, which does not include Philips' personal computer activities.

These were transferred earlier to the company's consumer electronics division as part of an extensive restructuring of Philips' computer businesses.

Philips does not provide separate turnover or profit figures for the information systems division, which is part of the larger "professional products and systems" group. This group posted an operating profit of £12m (\$9m) in 1990 on sales of £113m. Losses in information systems, which were described as "appreciable" in 1990, narrowed substantially in the first quarter of 1991.

When Mr Jan Timmer took over as president of Philips in July 1991, one of his first moves was to announce a 33 per cent cut in the information system's 15,000-strong workforce.

At the time, Mr Timmer said Philips' computer division would need to put its own house in order first before it could contemplate alliances with other manufacturers.

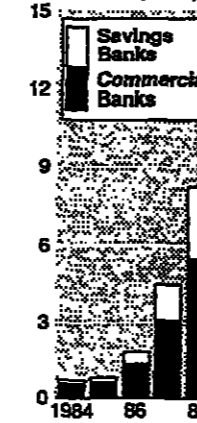
Dutch unions said the sharp reduction in losses in the information systems division in early 1991 could mean that Philips is now ready to transfer ownership of all or part of the professional side of its computer business.

Banks turn to companies for help

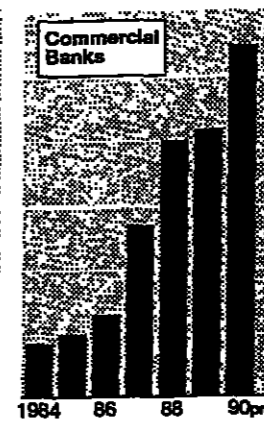
Karen Fossli and John Burton report on the deteriorating situation as Norway's banking sector sinks towards possible collapse

Norwegian Banks

Credit losses (Kr bn)



Credit losses as % of loans



Source: Kreditinstitutt, Norway

invested in bank shares for at least five years.

The Norwegian Banks' Association estimated that at least Nkr5bn of these funds could flow to the banks. A test case for whether the incentive programme will succeed is the preliminary agreement by three of the country's biggest companies - Uni Storebrand, Norsk Hydro and Statoil - to provide funding to DnB and Christiania in return for bank shares.

The minority Labour government, worried about both the effects of a credit squeeze on the economy and the precarious state of the banks, established earlier this year a Nkr5bn bank insurance fund as a confidence-building measure.

The two banks originally approached Uni Storebrand, the insurance group, to provide a guarantee for planned share issues. "The banks realised that with the losses they incurred over the past four years it had become too difficult for them to raise fresh capital in the market," explained an executive from Uni Storebrand which lobbied the government to allow the reserve funds to be invested in bank shares.

Uni Storebrand then approached Statoil, the state oil company, and Norsk Hydro, the energy group, to form a consortium to help the banks.

ous concentration of capital and influence". For example, Mr Jan Erik Langangen, Uni Storebrand president, is also chairman of Statoil.

Moreover, the rescue attempt involves two state-dominated companies, Statoil and Norsk Hydro, although the government has said it wants to encourage a market solution to the banks' problems from the private sector.

The involvement of Statoil has also renewed questions about how far the government is willing to use the state oil company as an instrument to protect Norwe-

gian concerns from foreigners, following a parliamentary decision to allow Statoil to invest in a range of non-oil operations.

The government is concerned that foreign banks could take advantage of the crisis to make inroads into the Norwegian banking sector. Svenska Handelsbanken, the Swedish bank, last year bought two banks in Oslo and Stavanger. DnB is also planning to raise capital by issuing more shares to its partners in the Nordic bank alliance, Scandinavian Banking Partners.

Mr Harald Norvik, the Statoil president, admits that concerns about foreign ownership provided one reason for his decision to invest in DnB and Christiania. "We are dependent on a healthy bank system and it is of vital importance that the majority shareholders are Norwegian," he said.

But he denies that Statoil plans to become a white knight for Norwegian industry. Just days before the bank deal was announced, Statoil paid Nkr1.4m to acquire 12.5 per cent of the voting shares in Saga Petroleum, Norway's biggest private oil company, from Volvo of Sweden.

"It is a coincidence that these two events happened in one week," he explained. "I'm all for well-balanced Norwegian/foreign ownership in the banks and companies. For a very small country like Norway it's quite a challenge to keep in Norwegian hands the ownership of our companies."

Even if other companies join the effort to bail out the banks, the measures will provide only temporary relief. Recovery largely depends on the improving performance of the economy which should stabilise property prices and increase business profits, leading to lower credit losses for the banks.

It is then that the banks will be in a better position to reform their industry, which is still too fragmented, with more consolidation and cost rationalisation needed. Attempts in the past few years to merge the banks in a bid to improve performance proved futile. The result was higher entities saddled with higher credit losses and increased costs associated with the merger activity.

Frankfurt widens inquiry into tax evasion

By Katharine Campbell in Frankfurt

FRANKFURT public prosecutors claimed yesterday to be investigating as many as 25 securities traders at a number of German institutions for possible tax evasion that could run into "millions" of D-Marks.

Mr Hubert Harth, spokesman for the prosecutor's office, said that the probe was focusing on traders at a number of banks, independent brokers and one employee from an official broker.

He added that the enquiry could well widen further as initial suspicions had turned to an "avalanche". While preliminary enquiries appeared to have concentrated on warrants traders, Mr Harth said that regular equity traders were now also involved.

The prosecutors have received information from a wide variety of sources, including anonymous callers.

Earlier this week, an official arrived at the Frankfurt Stock Exchange to question the head equity warrants trader at Commerzbank.

Criticism grows over TV share reaction

By David Walker in London

THE London Stock Exchange is coming in for growing criticism from analysts, merchant bankers and television company executives concerned over the way TV company shares have reacted to a series of articles in the Financial Times giving details of the companies' franchise bids.

The exchange has contacted the financial advisers of at least half a dozen television companies seeking assurances that the companies have not breached its rules by leaking details of the bids. On the basis of the assurances received, the exchange has decided that there is no basis for declaring a false market in TV company shares.

As shares in Central TV, Scottish TV and Anglia gained between 6 and 13 per cent yesterday, there was concern that without formal confirmation of the size of the bids from both quoted television companies and their unquoted rivals, the market in these shares had become something of a lottery.

"The prices are winging around all over the place," said one disgruntled analyst yesterday. "It is beyond me how the exchange can say there is no false market when some people are buying on the basis of known information and others are simply playing a guessing game."

The exchange said that it had fulfilled its duties to ensure that companies complied with its rules when it sought and received assurances from their advisers that there had been no leakage of information.

The stock exchange said that the Independent Television Commission - regulator of UK commercial TV companies - had no outright objection to the disclosure of the information, but would prefer it to be kept secret. The only company which will be obliged to disclose the details of its bid is TVS because it is going through a restructuring which requires the approval of its shareholders.

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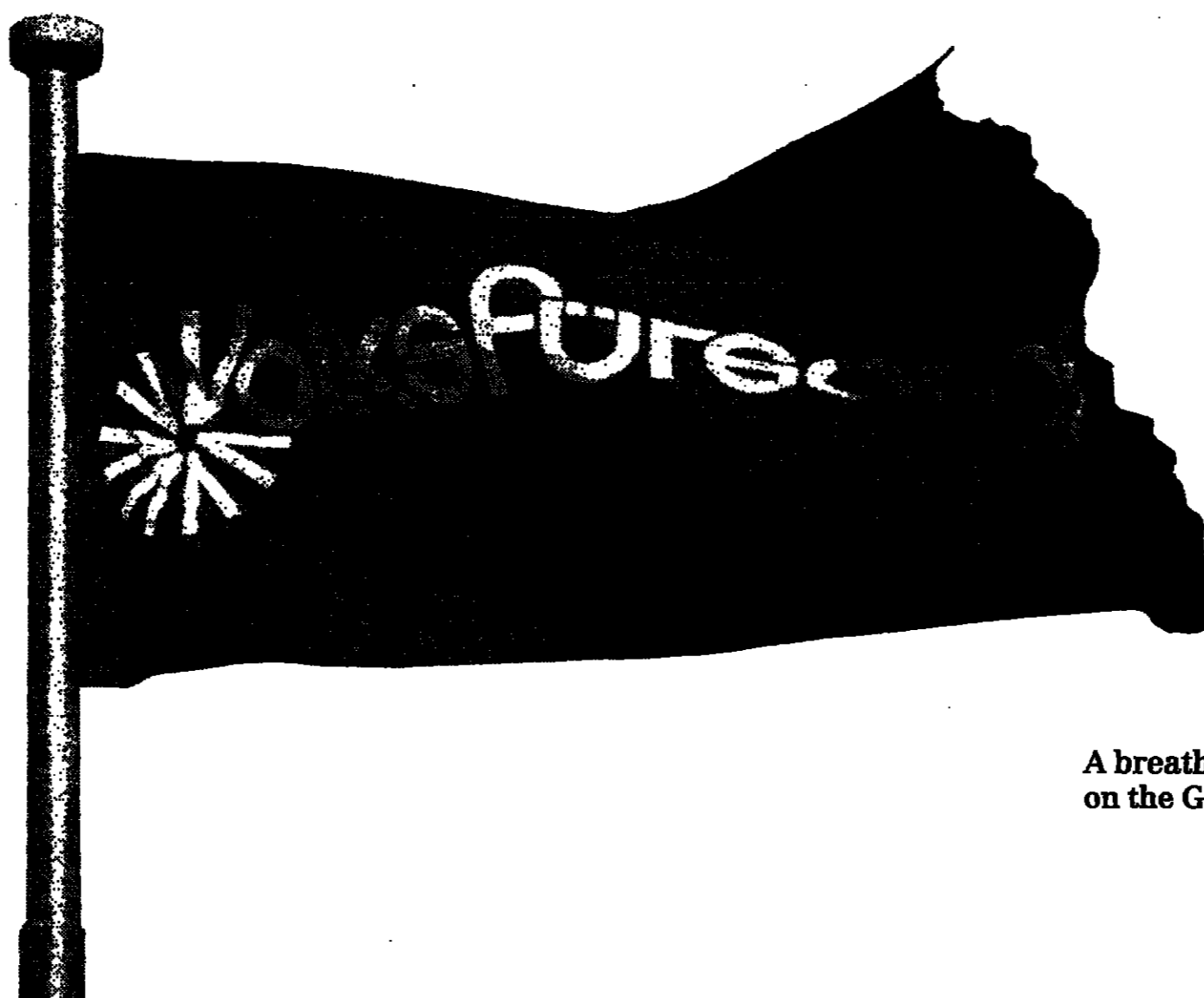
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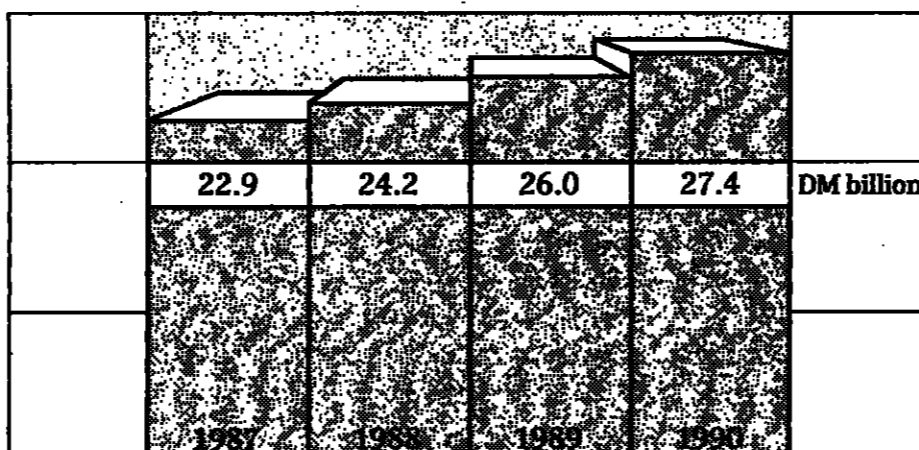
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INTERNATIONAL COMPANIES AND FINANCE

Increase in non-interest income lifts BankAmerica

By Patrick Harverson in New York

BANKAMERICA, the big San Francisco-based bank, yesterday reported another quarter of solid earnings, due largely to a big jump in non-interest income.

Between April and June, the bank made a profit of \$272m, up 2 per cent from the \$267m earned a year earlier.

The quarter included a \$175m provision for credit losses.

The highlight of the period was a 20 per cent increase in non-interest earnings to \$595m, due to strong growth in deposit account fees (up 15 per cent to \$157m), foreign exchange trading profits (up 42 per cent to \$47m) and net gains

on sales of investment securities, which brought in \$13m, against a \$2m loss at the same stage in 1990.

Net interest income was also higher in the quarter, up 8 per cent to \$1.08bn and spurred by growth in both average earning assets and the net interest margin.

The bank's capital position remained one of the soundest in the US. The ratio of common equity to assets was 5.83 per cent, up from 5.16 per cent a year ago, and sufficient to put BankAmerica among the country's 10 best capitalised bank holding companies.

Total non-accrual assets declined slightly to \$3.08bn,

aided by a fall in non-accrual assets related to restructuring countries.

The construction and development component, however, increased 25 per cent to \$731m.

BankAmerica's net credit losses fell sharply to \$169m (\$241m of charge-offs and \$72m of recoveries).

The strong figures from BankAmerica stand in stark contrast to the second-quarter results from Security Pacific and Wells Fargo, which are also based in California. On Tuesday, the two banks reported large declines in profits, mostly because of problems with local commercial property loans.

Losses mount at Inland Steel

By Barbara Durr in Chicago

INLAND STEEL, the fourth largest American steel-maker, was again pummeled by the US recession during the second quarter. It reported a net loss of \$25m, or \$1.07 per share, compared with a net income of \$30m, or 42 cents, last year.

Sales in the second quarter dropped 14 per cent to \$665m from \$1bn a year ago. The recession has especially depressed the market for consumer durables, the company's main lines of business.

But the company reduced its operating loss for the second quarter to \$19.7m from \$46.3m in the first quarter.

Increased steel shipments, due partly to greater exports, lower manufacturing costs, higher operating rates at IN Tel, the company's joint venture with Nippon Steel Corporation, and improved margins at its materials distribution group helped improve the company's performance.

Mr Frank Laessle, Inland's chairman, said that while the recession may now have bottomed out and some improvement should be seen in the appliance and auto markets, "we cannot predict with certainty the timing of our return to profitability".

During the first six months of 1991, Inland lost \$66m, or \$2.57 per share, compared with net income of \$38.7m, or 79 cents, in the same period last year. Sales were down 15 per cent to \$1.7bn from \$2bn.

American Brands shows improvement

AMERICAN BRANDS, the cigarettes, liquor and consumer products group, reported higher-than-expected second-quarter results. Net earnings rose to \$182m, or 88 cents a share, from \$158m, or 81 cents, on revenues down from \$2.95bn to \$2.94bn.

This brought first-half earnings to \$388.5m, or \$1.94 a share, up from \$353.8m, or \$1.81, last year. Half-year revenues amounted to \$6.79bn against \$6.16bn for the same period last year.

Charge pushes Apple into the red

By Karen Zagor in New York

APPLE Computer surprised analysts with the size of its third-quarter restructuring charge, which pushed the company into the red for the quarter.

Apple, which warned investors in May that its third-quarter earnings might fall below 1990 levels, posted a net loss of \$53.1m, or 44 cents a share, against net income of \$119.8m, or 96 cents, a year earlier.

The 1991 figures included an after-tax charge of \$138.9m for restructuring, cost reduction and other activities which were announced in May and are expected to continue for the next year to 18 months.

Excluding this one-time

charge, net income fell 28 per cent to \$85.5m in the latest quarter.

The erosion came in spite of a 12 per cent rise in revenues to \$1.53bn, and a 60 per cent jump in unit shipments of Apple's Macintosh personal computers.

Apple's profit margins have been under pressure by its introduction of a range of lower-priced Macintosh personal computers and from currency exchange rates. In the third quarter, Apple's gross margin fell to 45.8 per cent compared with 54 per cent a year earlier.

Financial analysts were alarmed when the company's gross margins fell to 45.8 per

cent in the second quarter from 54.7 per cent a year earlier.

For the first nine months, net income was \$228.6m, or \$1.91 a share, down 39.3 per cent from \$376.4m, or \$2.96, in the same months of 1990. Revenues advanced 14 per cent to \$4.8bn from \$4.2bn.

Most analysts had expected Apple to post profits in the third quarter. Before the figures were released, Mr James Reynolds, an analyst at Wedbush Morgan Securities had estimated annual income for 1991 of \$3.65-a-share. In 1990, Apple earned \$3.77-a-share.

Mr John Sculley, chairman and chief executive, said the

company's restructuring activities, "while difficult in the short run, will provide important competitive benefits as we move forward. We are reducing our operating expenses as a percentage of sales, and intend to do even more of this through our restructuring activities."

"The personal computer industry is undergoing fundamental changes that will shape the global information economy far into this decade. We are committed to redesigning Apple's infrastructure and financial model so that they are both sustainable advantages within the dynamics of this changing industry."

Intel scores 35% income gain

By Karen Zagor

INTEL, the primary supplier of micro-processors and related semiconductor devices to the personal computer industry, turned in a 35 per cent increase in second-quarter earnings on revenues which rose 29 per cent.

Net income in the three months ended June 25 was \$230.5m, or \$1.10 a share, against \$170 on revenues of \$1.25bn against earnings of

\$170.7m, or 84 cents, on revenues of \$988.2m a year earlier.

For the first half, Intel's earnings climbed 36 per cent to \$426.2m, or \$2.05 a share, on revenues which advanced 28 per cent to \$2.36bn.

Although the results were within the range projected by most analysts, the earnings growth was less dramatic than Wall Street had expected and shares in the company fell \$1 1/4

to \$44. In May, the company said its second-quarter earnings would probably top analysts' estimates, which averaged 94 cents a share.

The company's continued strength in the face of stagnant unit sales in the personal computer market is attributed to the strong demand for its 32-bit microprocessors and related personal computer components.

Decline in Smith Corona net income for year

By Barbara Durr in Chicago

SMITH CORONA, the world's largest manufacturer of portable electronic typewriters and word processors, reported a net income of \$2.5m, or 8 cents per share, for its fourth quarter ended June 30.

In the same quarter last year, the company, which is 48 per cent owned by the Hanson group of the UK, had a net loss of \$1.5m, or 5 cents a share, including writedowns and non-recurring charges of \$2.8m, or 9 cents per share.

Smith Corona's full-year net income was \$19.6m, or 65 cents a share, on net sales of \$383.4m. This was down from 1990's net income of \$32.9m, or

\$1.08, on revenues of \$471.4m.

Recession has weakened consumer demand not only in the US but in many of the company's international markets. A shift to lower-priced products and continued price-cutting by Smith Corona's foreign competition also dented its results.

Mr G. Lee Thompson, Smith Corona's chairman, said, however, there was reason for "cautious optimism" in the year ahead because of near-record order levels for new product lines. The company recently entered the market for home, student, and small office word processors.

ENERGY EFFICIENCY

The FT proposes to publish this survey on October 16 1991. The FT is read daily by 54% of Chief Executives in Europe's largest companies. To reach this influential market and obtain further details, call Philip Dodson on 071 873 3389 or Fax 071 873 3062.

Data source: Chief Executives in Europe 1990

FT SURVEYS

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Tax boost for General Dynamics

By Barbara Durr

REVERSING a long string of negative earnings results, General Dynamics, the second largest US defence contractor, reported second-quarter net earnings of \$231m, or \$5.04 per share. The results were boosted by a gain of \$140m, or \$3.35 per share, from an adjustment to the company's tax provisions.

Special after-tax charges of \$330m, or \$7.31 per share, caused a loss of \$340m, or \$5.75 per share, in the 1990 quarter. However, setting aside this past quarter's tax gain and last year's special charges, net earnings in the 1991 second quarter were \$71m, or \$1.69 per share, down from \$90m, or \$2.16 per share a year ago.

For the first six months of 1991, net earnings totalled \$268m on sales of \$4.7bn. This compared with a loss of \$118m on sales totalling \$5.1bn for the corresponding period last year.

Mr William Anders, chairman, said that his strategy to improve profitability and build financial strength is on track.

Manufacturers Hanover Corporation
U.S. \$100,000,000
Floating Rate Subordinated Notes due 1997
In accordance with the provisions of the Notes, notice is hereby given that the Notes will carry an interest rate of 6 7/8% per annum for the period July 1, 1991 to 12th October, 1991 with a coupon amount of U.S. \$162.92 for the U.S. \$100,000 denomination and U.S. \$4,072.92 for the U.S. \$250,000 denomination and will be payable on 17th October, 1991 against surrender of Coupon No. 25.
Bankers Trust Company, London Agent Bank

IRELAND
U.S. \$50,000,000
Floating Rate Notes due July 1992
In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 18th July, 1991 to 21st January, 1992 the Notes will carry an interest rate of 6 7/8% per annum. The relevant interest Payment Date will be 21st January, 1992 and the Coupon Amount per \$500,000 will be \$17,368.92.
Bank of Tokyo International Limited Reference Agent

TEESSIDE
The FT proposes to publish this survey on September 12 1991. It will be of particular interest to the 130,000 directors and managers in the UK who read the FT. If you want to reach this important audience, call Hugh G. Westmacott Tel 0532 454969 Fax 0532 423516. Permanent House, The Headrow, Leeds, LS1 8DF
Data source: BMRC Businessman Survey 1990
FT SURVEYS

US QUARTERLY RESULTS
BOWATER, the largest US producer of newspaper, yesterday reported lower sales for the second quarter and first six months of 1991.
For the three months to June 29, net income was \$20.2m, with earnings per share of 54 cents. Sales were \$20.2m, against net income of \$14.2m, or 36 cents a share, and sales of \$342.3m a year ago.
Net income for the first six months of 1991 was \$37m, with earnings per share of 97 cents on sales of \$650.7m. This compared with first-half 1990 net income of \$36.4m, per share earnings of 95 cents and sales of \$680.6m.
DOW CHEMICAL reported second-quarter earnings of 86 cents per share and net income of \$233m. Sales for the period were \$4.8m, unchanged from the second quarter a year ago.
The US chemical group posted second-quarter earnings for 1990 of \$364m, or \$1.34 a share. For the first half of 1991, earnings were \$611m, or \$2.99 per share, on sales of \$3.74bn. For the same period last year, net income was at \$629m, or

\$3.05 per share. Sales were \$3.71bn.
MERC & CO, the US pharmaceuticals company, announced earnings per share of \$1.44 for the second quarter of 1991. Net income was \$658m and sales for the quarter were \$2.1bn. For the first half of 1991, earnings per share were \$2.69 with net income of \$1.04bn and sales of \$4.2bn.
For the same period a year ago, quarterly earnings per share were \$1.30, net income was \$470.2m and sales were \$1.9bn.
BLACK & DECKER, the US power tools and hardware group, reported second-quarter 1991 net earnings of \$7.2m, or 11 cents per share, down from \$18.1m, or 26 cents.
Revenue for the quarter was \$1.11bn against \$1.22bn a year ago. First-half 1991 earnings were \$11.4m, or 16 cents, down from last year's net earnings of \$26.1m, or 43 cents. Revenue for the first six months of 1991 was \$2.19bn, against last year's \$2.33bn.
Compiled by Rivka Nachoma

Continental Bank restates its earnings

By Nikki Tait

CONTINENTAL Bank, the Chicago-based institution, has restated its first-quarter earnings as a result of changing the accounting treatment for domestic equity investments.

The restatement, on a "continuing operations basis", puts reported earnings at 35 cents a share, compared with 48 cents previously. Continental said that it will now value domestic equity investments at market value, rather than at the lower of cost or market value.

First Options of Chicago, a wholly-owned subsidiary, was sold in the second quarter of the current year, and all regulatory approvals received. However, Continental said that certain other regulatory matters are pending and could result in a further loss on the sale. Further details were not provided.

Peak revenues at Waste Management

DESPITE the impact of the US recession on some of its businesses, Waste Management, the world's largest waste services company, lifted second-quarter net income 16 per cent to \$206.9m, or 42 cents a share, from \$178.8m, or 38 cents, writes Barbara Durr.
Revenue in the quarter was a record \$1.88bn, up 34 per cent on last year's \$1.4bn.
The US recession has pulled down the company's solid waste collection and disposal operations and certain legal impediments have affected operations at Chemical Waste Management, its 76 per cent-owned subsidiary.
First-half net income, meanwhile, grew to \$372.5m, or 75 cents a share, up from \$322.8m, or 69 cents last year.

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE \$2.50 COMMON STOCK
J P MORGAN & COMPANY INCORPORATED
A cash distribution of \$0.495 per Depositary share will be payable on or after the 23rd July 1991 upon presentation of Coupon No. 25 to:
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(Corporate Trust Department)
New York
35 Avenue des Arts
Brussels
60 Victoria Embankment
London
At the designated rate less applicable taxes.
This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. \$2.50 JP Morgan & Company incorporated on 15th July 1991.

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Société d'investissement à Capital Variable
2, boulevard Royal, Luxembourg
R.C. LUXEMBOURG B-25904
DIVIDEND ANNOUNCEMENT
The shareholders of LIBERTY ALL-STAR WORLD PORTFOLIO are advised that a dividend of US\$ 0.007... per share will be paid on August 2nd, 1991 to registered shareholders at the close of business of July 26, 1991 against presentation of coupon no. 2 to the Paying Agent, BANQUE INTERNATIONALE A LUXEMBOURG, 2, boulevard Royal, L-2593 LUXEMBOURG.
Shareholders may elect to have their dividend automatically reinvested in additional shares of the Fund and should in such case notify the Transfer Agent, BANQUE INTERNATIONALE A LUXEMBOURG, LUXEMBOURG, on or before July 25, 1991.
The Board of Directors

هذا من اجل

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July 1991

Yorkshire
Electricity

Yorkshire Electricity Group plc

U.S. \$300,000,000

Euro Commercial Paper Programme

Arranger

Lehman Brothers International

Dealers

Lehman Brothers International
Deutsche Bank Aktiengesellschaft
London Branch
NatWest Capital Markets Limited
Nomura International plc

Issue and Paying Agent

Midland Bank plc

INTERNATIONAL COMPANIES AND FINANCE

Arnotts expects 60% fall
in net earnings to A\$19m

By Mark Westfield in Sydney

DIRECTORS of Arnotts, the Australian biscuit-maker, said yesterday that the heavy cost of restructuring, plus losses from a failed attempt to buy the old Nabisco business in Australia, would slash net earnings 60 per cent to about A\$19m (US\$14.7m) for the year to end-June.

Despite the severe drop in earnings, directors said they hoped to maintain annual dividends at 23 cents.

In their statements to the Australian Stock Exchange, Arnotts directors said earnings before interest, tax and abnormal items had increased 3 per cent, despite the "very difficult" trading conditions.

However, operating profit - after tax, minorities and extraordinary items - would be down 18 per cent.

During the year, Arnotts incurred after-tax costs of

A\$10m due to the closure of its Victorian plant and the relocating and restructuring of two other facilities.

Directors have also decided to provide for possible abnormal losses on the sale of businesses no longer considered viable, although they did not elaborate.

Consolidated operating profit after tax, minorities and extraordinary items, was expected to fall 60 per cent. Last year, Arnotts made a net profit of A\$47.2m.

Arnotts had attempted to buy the Australian Nabisco operations after they were put on the market in the wake of the US\$21bn leveraged take-over of Nabisco in the US by the Kohlberg Kravis, Roberts Investment Group in 1989.

Arnotts was rejected in 1990 by the federal court after the

Trade Practices Commission challenged the purchase, which would have lifted Arnotts' share of the Australian biscuit market from 65 per cent to 72 per cent.

Arnotts lost an appeal to the full bench of the court late last year and then decided against launching an appeal to the High Court.

The businesses were purchased by the Melbourne-based Shears family with a loan from Arnotts.

Arnotts directors said yesterday "the amount of any such loss (on the Nabisco operations) should be known when final tenders are submitted during the next few weeks".

Directors said that, given an improvement in economic conditions, they expected a return to former levels of profitability in the year to end-June 1992.

Korean car-makers
post export gains
in strong first half

By John Ridding in Seoul

SOUTH Korea's car manufacturers enjoyed a strong first half of the year, with exports rebounding and overall sales showing sharp gains, according to the Ministry of Trade and Industry and the Korean Automobile Manufacturers Association (KAMA).

Figures released by KAMA showed that the five principal automobile manufacturers - Hyundai, Kia, Daewoo, Asia Motors and Sangyong - had raised aggregate sales by 21.4 per cent to Won5,340bn (\$7.3bn).

The gains reflected relatively peaceful industrial relations at the companies, the opening of new markets and the continued strength of the domestic market.

The largest sales and the strongest sales growth were recorded by Hyundai Motors, a subsidiary of the Hyundai Group. It raised sales revenues by 38.5 per cent to Won2,700bn. Kia Motors, the country's second largest automobile manufacturer, raised sales revenues by 12 per cent to Won1,300bn.

Asia Motors and Sangyong also experienced improved sales, but Daewoo Motors, the third largest manufacturer in which General Motors of the US has a 50 per cent stake, suffered a 3 per cent decline to Won720bn. The downturn was attributed to a series of strikes at the company during the first six months.

Statistics from the Ministry of Trade and Industry show that the beginning of the year also brought an encouraging revival in exports. For the first five months, the most recent figures available, automobile exports totalled \$96.85m, a 50 per cent increase on the comparable period last year.

Despite the strong performance in overseas markets, a leading Korean automobile research institute warned that Korean cars were losing competitiveness compared with their Japanese rivals.

Kia Research Institute said labour costs in the Korean automobile industry had doubled over the past three years while productivity had fallen far behind that of Japanese and US competitors.

The price of the Hyundai Excel 4-door GL, for example, rose from \$7,890 last year to a current level of \$8,115. By contrast, the price of the Toyota Tercel, a Japanese competitor of the Excel, fell to \$5,988 from \$6,198 over the same period.

The report said the most important reasons for the reduced competitiveness of Korean cars were the double-digit pay increases in the country's automobile industry and more rapid productivity gains in the Japanese industry.

It said Hyundai manufactured 20 cars per employee, against Toyota's 50.

Harpener
shows loss
due to Omni
collapse

By Andrew Fisher in Frankfurt

HARPENER, the German industrial and real estate group, made a net loss of DM95m (\$53m) last year as a result of the collapse of Omni Holding, the troubled Swiss company formerly owned by financier Mr Werner Rey.

The group said that it would not pay a dividend for the first time in 24 years.

Harpener said that operating profits on its property, energy and transport businesses rose by 21 per cent to DM98m.

However, the problems at Omni, which is now under court protection from its creditors, necessitated asset write-downs and additions to reserves which more than wiped out its earnings for the year.

The extraordinary payments caused by the involvement with Omni totalled DM249m.

Harpener, which functioned as Mr Rey's German holding company, bought minority holdings from Omni which were actually stakes in companies making a loss.

Among the holdings were a 49 per cent stake in International Leisure Group, which owned the collapsed Air Europe group.

Harpener has since filed claims totalling DM200m on Omni and Mr Rey, and said it may sue former members of its board.

This year, Harpener said that it expects to make a net profit at parent company level of between DM47m and DM50m, which would offset roughly half of last year's losses.

Pre-tax profits this year should exceed DM60m.

In 1989, the Essen-based company made a net profit of DM41m and paid a DM12.50 dividend, as well as a DM2.50 bonus.



MR CONRAD Black (right), publisher of The Daily Telegraph of the UK, yesterday met Mr Kim Beazley (left), Australia's minister for transport and communications, in Canberra to discuss Mr Black's efforts to buy into the Fairfax newspaper group of Australia, writes Emilia Tagaza in Canberra.

The bid by Mr Black's Touring consortium for a stake in Fairfax has triggered an urgent review of the country's media ownership laws. Prompting the review is Mr Black's partnership with Mr Kerry Packer, owner of Australian Consolidated Press, the country's largest magazine publisher. The Australian government is concerned that Mr Packer, who already controls a national television network and several national magazines, might be breaching cross-media ownership rules.

Mr Beazley said he was prepared to introduce legislation to ensure that Mr Packer did not gain de facto control of Fairfax through a loophole in existing Australian Broadcasting Tribunal regulations.

Pacific Dunlop placed on
watch by rating agency

By Mark Westfield

PACIFIC Dunlop, the diversified Australian manufacturer and distributor, has been placed on rating watch by Australian Ratings in the wake of its A\$374m (US\$289.9m) cash offer for Australia's largest food group, Peter'sville Sleigh.

Pacific Dunlop, Australia's 11th largest company, with a market capitalisation of A\$44m, has a AA- rating which will be maintained "in the interim", according to the credit agency.

In a statement yesterday, it said a "downward adjustment in the rating may be necessary" if the company "did not

raise appropriate capital".

Pacific Dunlop's share price fell from its A\$5.26 close on Friday to A\$5.02 on Wednesday, mainly because of investor concern over the size of the rights issue Pacific Dunlop would launch to finance the takeover. The price firm 6 cents yesterday to A\$5.08.

When it announced the bid, Pacific Dunlop said it would finance the takeover mainly through internal cash resources, but would consider a rights issue of up to A\$500m to restore its balance sheet.

Anglo American improves
on effective cost control

By Philip Gawth in Johannesburg

IMPRESSIVE cost control on all the gold mines in the Anglo American group, allied to a firmer gold price, allowed the group's gold operations to record improved profits in the quarter to June.

Overall working costs fell by 1.4 per cent to R1.65bn (\$78.4m) from R1.68bn the previous quarter and group unit costs were also contained, rising only fractionally to R26.193 a kilogram from R26.030.

Mr Lionel Hewitt, managing director of the gold and uranium division, said that keeping constant its working costs per kilogram of gold produced was the group's "overriding objective".

Gold production dropped slightly in the quarter to 63,395kg (63,821kg) but available profit was up 4.6 per cent at R139.9m.

Mr Hewitt said Freegold, the world's largest gold mine, had enjoyed a very satisfactory quarter. Aggregate costs declined by 1.3 per cent and unit costs declined by 1 per cent to R26,789 per kilogram of gold produced.

Gold production dropped to 27,789kg from 28,184kg due to the closure of marginal operations in the south of the mine which led to reef tonnage being replaced by lower grade dump tonnage.

Available profit increased by 3 per cent to R55.8m, a figure which would have been higher had old forward contracts not had a damping effect on the price received.

Vaal Reefs maintained its profits at R41.5m despite gold production dropping to 18,324kg from 18,730kg. This was the result of milling an increased amount of waste tonnage which pushed the average grade down.

Mr Hewitt said that Western Deep Levels had recorded an excellent quarter, with available profits rising 4.7 per cent to R30.1m from R29.1m. Unit costs were 2.2 per cent down, quarter on quarter, at R22.519 per kilogram produced, gold production was 2 per cent up at 10,430 kg, and the gold price was 3 per cent better at R33,007 per kilogram.

Although Elandsrand increased gold production by 4 per cent in the quarter, available profits dropped to R5.7m (R5.8m) on account of higher capital expenditure. Profits also dropped at Ergo, the surface dump operation.

Mr Clem Sinter, chairman, said that morale among the workforce had improved following success in curbing costs and that there was a feeling that the industry was getting on top of its problems.

European American
Bancorp

US\$125,000,000
Floating Rate Notes due 1992
NOTICE OF EARLY REDEMPTION

On behalf of the issuer, Amsterdam-Rotterdam Bank N.V. hereby gives notice to holders of the above-mentioned Notes of the issuer's election to redeem the outstanding US\$125,000,000 nominal Notes on August 30, 1991, at par, in accordance with section 6(a) of the conditions of the Notes.

The Notes will become due and payable on August 30, 1991 at the Redemption Price and interest thereon shall cease to accrue on and after the said date. Payment of registered interest due August 30, 1991 will be made in the usual manner. Coupons maturing August 30, 1991 should be detached and surrendered in the usual manner with one of the Paying Agents stated on the Notes.

Amsterdam-Rotterdam Bank N.V.
July 19, 1991

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Floating Rate Notes

Due 1994

Notice is hereby given that the Rate of Interest for the Interest Period from 19th July 1991 to 19th January 1992 is 6.78% per annum. Interest payable on 21st January 1992 will amount to ¥341,785 per ¥10,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

Best Limited Series A

U.S. \$111,300,000

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Due 1993

Interest Rate 6.8875% per annum
Interest Period From 18th July 1991 To 21st January 1992

Interest Amount due 21st January 1992 per U.S. \$100,000 U.S. \$148.21

The Sumitomo Trust & Banking Co., Ltd.
Agent Bank

Nationwide
Anglia

£100,000,000

Floating rate notes

due 1998

(Issued by Anglia Building Society)

Notice is hereby given that the notes will bear interest at 11 1/8% per annum from 17 July 1991 to 17 October 1991. Interest payable on 17 October 1991 will amount to £140,99 per £5,000 note and £7,049.66 per £250,000 note.

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JPMorgan

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CORRECTED NOTICE

To the Holders of Warrants to subscribe for shares of common stock of SANKYO ALUMINIUM INDUSTRY CO., LTD.

Issued in conjunction with an issue by Sankyo Aluminium Industry Co., Ltd. (the "Company") of U.S. \$40,000,000 3 1/2 per cent. Guaranteed Bonds Due 1991 with Warrants ("Bonds A")

U.S. \$70,000,000 5 1/4 per cent. Guaranteed Bonds Due 1992 with Warrants ("Bonds B")

U.S. \$150,000,000 8 1/2 per cent. Guaranteed Bonds Due 1993 with Warrants ("Bonds C")

ADJUSTMENT OF SUBSCRIPTION PRICE

In respect of the above Warrants, notice is hereby given as follows:

On 18th July 1991, Sankyo Aluminium Industry Co., Ltd. (the "Company") issued U.S. \$200,000,000 4 per cent. Bonds Due 1995 and DM 120,000,000 4 1/2 per cent. Bonds of 1991/1995, each with warrants to subscribe for shares of common stock of the Company by way of public offering outside Japan. The initial subscription prices for the exercise of each of the said warrants are less than the current market price per share as defined in the Instruments relating to each of the captioned Warrants.

As a result of the above issues, the Subscription Prices of the captioned Warrants have been adjusted with effect from 19th July 1991 (Japan Time) pursuant to the provisions of each of the Instruments relating to each of the captioned Warrants as follows:

- the subscription price of warrants issued in conjunction with Bonds A will be adjusted from 355.50 Japanese Yen to 351.00 Japanese Yen.
- the subscription price of warrants issued in conjunction with Bonds B will be adjusted from 526.70 Japanese Yen to 520.00 Japanese Yen.
- the subscription price of warrants issued in conjunction with Bonds C will be adjusted from 1,006.50 Japanese Yen to 993.70 Japanese Yen.

The Industrial Bank of Japan Trust Company on behalf of SANKYO ALUMINIUM INDUSTRY CO., LTD.

Dated: 19th July, 1991



3i GROUP PLC

£75,000,000

FLOATING RATE NOTES 1994

FOR THE THREE MONTH PERIOD

17TH JULY, 1991 TO 17TH OCTOBER, 1991

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 11 1/8 per cent per annum and that the interest payable on the relevant interest payment date, 17th October, 1991 against Coupon No. 28 will be £1,409.83 from Notes of £50,000 nominal and £140.99 from Notes of £5,000 nominal.

S.G. WARBURG & CO. LTD.

(Agent Bank)



RUSTENBURG PLATINUM HOLDINGS LIMITED

(RPH)

Registration number 05/22452/06

LEBOWA PLATINUM MINES LIMITED

(LPM)

Registration number 63/06144/08

(Both companies incorporated in the Republic of South Africa)

CAUTIONARY ANNOUNCEMENT

Shareholders of RPH and LPM are advised that the financing and development plan for the Potgietersrust Platinum project in which RPH and LPM each have a 50% interest is near completion and an announcement will shortly be made in this regard.

If successfully implemented, the plan as presently proposed could have an impact on the value of the shares of the companies concerned. Shareholders are therefore advised to exercise caution in dealings with their shares.

Johannesburg
17 July 1991

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Corporation

MANUFACTURERS
HANOVER

TO OUR CUSTOMERS AND FRIENDS:

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- Its credit card franchise will serve some seven million customers in all 50 states, making it the sixth largest in the country.
- It will be the biggest bank for consumers, small businesses and mid-size companies in metropolitan New York, New Jersey and Connecticut, with 50 percent more branches than the nearest competitor. Through Texas Commerce, it will be the preeminent corporate bank in Texas, with a significant share of that state's consumer banking market as well. With strong franchises in such key markets, it will be well positioned to capitalize on anticipated changes in the banking laws that will permit nationwide banking.

Beyond the numbers, what truly matters is that our organizations have remarkably similar cultures and share the same approach to business. And both have maintained a strong commitment to relationship banking.

The new Chemical Banking Corporation will be able to compete head-on with any financial institution, anywhere in the world. This merger will provide substantial economies of scale and global efficiencies. And it will create the financial capacity to invest in the professional talent, technology and new products needed to keep us at the cutting edge.

Together, we will be a stronger, leaner and more profitable enterprise than either would have been alone. And that has to be as good for our customers as it is for our shareholders.

John F. McGillicuddy
Chairman and CEO—Designate

Walter V. Shipley
President and COO—Designate

The new **CHEMICAL BANKING** Corporation



MARKETS
d by rise
claims
GOVERNMENT BONDS
The average yield on the 10-year Treasury note rose to 8.5% from 8.4% on Friday. The 30-year Treasury bond rose to 9.1% from 9.0%. The 5-year Treasury note rose to 7.5% from 7.4%. The 2-year Treasury note rose to 6.5% from 6.4%. The 1-year Treasury note rose to 5.5% from 5.4%. The 3-month Treasury bill rose to 4.5% from 4.4%. The 1-month Treasury bill rose to 3.5% from 3.4%. The 10-year Treasury note rose to 8.5% from 8.4%. The 30-year Treasury bond rose to 9.1% from 9.0%. The 5-year Treasury note rose to 7.5% from 7.4%. The 2-year Treasury note rose to 6.5% from 6.4%. The 1-year Treasury note rose to 5.5% from 5.4%. The 3-month Treasury bill rose to 4.5% from 4.4%. The 1-month Treasury bill rose to 3.5% from 3.4%.

Swiss may scrap stamp duties on securities

THE Swiss Finance Ministry is considering scrapping all stamp duties on securities transactions as a method of stimulating business drifting abroad, Reuters reports from Bern.

A spokesman said the ministry was considering two alternatives to put before the government.

One would reduce the stamp duty to 0.1% from the current 0.3%. The other would free all transactions from the duty.

The spokesman said the ministry was still working on the details of the proposals.

One will be put to the government after the summer recess and probably before parliament at the end of the year.

If the package wins parliament's approval it will have to go to another referendum and could not become law before 1993 at the earliest.

The proposal put to voters in June was voted down partly because it was tied to an unpopular plan to introduce a value added tax.

It would have abolished stamp duties on professional advisers' holdings, foreign capital market issues and securities transactions made by Swiss institutions abroad.

But it would have levied a new tax on domestic issues and life insurance premiums.

The spokesman could not say if the new proposal, like the old one, would include a tax on life insurance premiums.

New government figures show that revenues from stamp duty fell to SF980m in the first half of 1991 from SF1.15bn in the first half of 1990.

Nerves on edge as the Milan bourse gears up for reform

Haig Simonian analyses the expected impact of radical moves to liberalise Italy's out-dated financial markets



ITALIAN SECURITIES REFORM

SOME say it was a hoax. But last week's advertisement in Italy's leading business newspaper from an unnamed Milan stockbroker seeking a domestic or foreign banking partner was the clearest sign yet of how low morale has sunk among the country's brokers in the face of impending reform.

The culprit behind brokers' gloom is the Societa di Intermediazione Mobiliare (SIM), the new breed of broker and fund management operation which will spearhead Italy's belated moves towards liberalising its financial markets.

The success of the latest reforms, along with the move to screen-based trading for equities, is likely to determine whether the country manages to maintain a significant domestic equities market in the years ahead.

If not, it will face an inevitable drift of business away to other financial centres, notably London.

The SIMs will come in a variety of forms. The 15 to 20 most important SIMs will trade, and eventually make markets, in shares. Others of others will just manage funds and offer investment advice, much like the mixture of specialist finance companies and commission agents operating today.

Surprisingly, neither banks

nor brokers are particularly happy about the prospects. So far, their worries focus less on competitive pressures from abroad than internal squabbling over who has done best out of the new rules.

The brokers are unhappy, because setting up a SIM will be expensive in terms of new capital and will entail heavy investment in technology and compliance.

And from a cultural point of view, the new rules will confront Italy's often archaic brokers with a host of unfamiliar concepts such as "Chinese Walls" and costly divisions of labour.

But the banks, which will dominate the new SIMs, also feel wronged. They claim that they, rather than the brokers, have been disadvantaged under the new rules. Many bankers argue that rather than accelerating the decline of the current Order of Stockbrokers, first established early this century and barely revised since, the new SIMs rulebook approved by the Bank of Italy and Consob, Italy's stock market watchdog, will allow brokers to stay in business and undercut the SIMs.

The truth is somewhere between. The new law, which formally went into operation last January, sets a number of new requirements.

From January 1992, equity trading on behalf of third parties will be permitted only through SIMs.

All future trading in shares on behalf of third parties must take place exclusively on the bourse, putting an end to the banks' current practice of matching orders in-house.

To protect the brokers, any SIM trading in shares on behalf of third parties will, during an opening one year "transition period" from January 1992, only be authorised to do so provided its management includes an established broker.

From January 1993, banks will be free to set up trading SIMs of their own.

A number of changes have appeared since the draft rules were first released. The main surprise has been the move to allow existing brokers to stay in business after January 1993 without becoming SIMs.

According to the definitive version of the rulebook, stockbrokers will be able to carry on

trading shares until the compulsory retirement age of 70. However, once the latest competition to appoint new brokers are complete, no new entrants will join thereafter.

The banks say the decision to let brokers stay in business without becoming SIMs will distort competition. Liberated from the need to meet the same capital and reporting requirements as the SIMs, unreformed brokers will be able to offer much cheaper commissions than the rule-bound SIMs, they argue. Bankers see the change as just a further example of the strength of the 500 brokers who, despite their small numbers, form a powerful lobby.

The banks are also unhappy about another rule, which will forbid them from bunching together orders to save on commission. Rather than reporting dozens of small orders for Fiat into one big order, banks will have to pass on the business to brokers as separate commission-earning deals.

Yet, despite such victories, the mood among brokers is hardly one of jubilation. Many doubt they will be able to survive in the long term against the SIMs.

As a result, Italy's belated Big Bang has been a far cry from its London equivalent. Rather than selling client lists

and goodwill for inflated sums, Italy's brokers say they are destined for extinction.

There are a number of reasons why banking firms have not been changing hands for millions. Tougher capital standards mean banks have less money to spend than a decade ago. And banks have learned some painful lessons in other markets too.

Moreover, Italy's deregulation is no longer taking place in a bull market, which encouraged such profligacy among banks in London and Paris in the past. And the fact that most Italian brokers are under-capitalised and old-fashioned mean they offer few advantages over and above being an entry card to setting up a SIM.

The fact that the scales between banks and brokers are more finely balanced in Italy than in some earlier examples of market reform probably explains why most of the country's big banks have not yet announced links with brokers, leaving it to foreign financial institutions to make most of the running.

By contrast, big domestic banks like Milan-based Banca Commerciale Italiana (BCI) and Credito Italiano which are active in securities trading have been biding their time.

While informal talks between banks and brokers

SIMs planned between brokers and outsiders	
Broker	Partner
Albertini	Societa Generale
Annaboldi	Siluppato
Botta	Altimo (Akros)
Solbaili	Intercassa (Cariplo)
Botazzi	SC Warburg
Giubergia	locri (Italian Savings Bank Association)
Menicatti	and Banque Bruxelles Lambert
Mortari	CominCredit
Panigada	Lyonnais
Pastorino	Sienco (SIGE)
	Banca del Gottardo

Mexican state bank back in the market

By Simon London

THE rehabilitation of Latin American borrowers in the international bond market took a further step forward yesterday when Banobras, the state-owned bank, making its first issue since 1982.

The \$100m five-year deal, lead managed by Credit Suisse First Boston, is also the latest maturity borrowing by a Latin American borrower since the early 1980s.

The bonds carry a coupon of 10% per cent and were re-offered to investors at a fixed price of 100.55. At this level, the yield spread is 239 basis points over US Treasury bonds.

The pricing was in line with other recent issues by Mexican borrowers. For example, Petrosbras, the Brazilian public owned oil company, launched a

spread of over 600 basis points for a successful \$250m two-year issue launched earlier this month through Chase Investment Bank.

Banobras is a development bank which lends funds to central and regional governments for infrastructure projects. Many of Mexico's commercial banks are in line for privatisation, but Banobras will remain in the public sector. The last bond issue by Banobras was a \$150m deal, maturing in April next year, launched in 1982.

The lead manager commented that demand for the new bonds was supported by retail investors hungry for high-yielding assets. Once freed to trade by the lead manager, the deal traded up to 100.75 bid, with the spread over

NEW INTERNATIONAL BOND ISSUES									
Borrower	Amount m.	Coupon %	Price	Maturity	Yield	Book runner	Lead	Co-lead	Other
US DOLLARS									
Toyota Motor Credit Corp (a)	200	8 1/4	101.43	1996	1 1/2	CSFB			
Banobras (a)	100	10	101.45	1996	1 1/2	CSFB			
AUSTRALIAN DOLLARS									
State Bank (a)	100	11 1/4	100	2001	2 1/2	Deutsche Bk. Cap. Mkts.			
LIBRE									
World Bank (a)	500bn	10 1/2	101 1/2	2001	1 1/2	Is. Soc. San Paolo			
SWISS FRANCES									
Nikodo Co. (a) (a)	100	4	100	1995	-	Dalwa Sec. (Switz.)			
Monmouth Corp. (a) (a)	100	5	100	1995	-	Honora Bk. (Switz.)			

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS									
Thursday July 18 1991									
Index No.	Day's Change	Est. Yield (%)	Gross Div. Yield (%)	Net Div. Yield (%)	Index No.	Day's Change	Est. Yield (%)	Gross Div. Yield (%)	Net Div. Yield (%)
1 CAPITAL GROUPS (24)	815.11	-0.1	10.62	9.92	11.61	22.20	815.81	815.81	815.81
2 Building Materials (24)	1035.04	-0.2	9.37	6.03	13.51	30.76	1036.66	1036.66	1036.66
3 Contracting, Construction (31)	1146.57	-0.1	9.50	6.81	13.74	31.97	1146.63	1146.63	1146.63
4 Electronics (10)	2387.22	+0.7	10.76	5.61	11.83	61.85	2378.30	2378.30	2378.30
5 Electronics (25)	1496.71	-0.1	8.85	5.29	12.21	46.44	1496.71	1496.71	1496.71
6 Engineering-Aerospace (8)	412.43	-0.1	16.60	6.08	7.24	12.11	407.82	407.82	407.82
7 Engineering-General (46)	440.47	-0.4	12.51	5.72	9.78	11.82	442.03	442.03	442.03
8 Metals and Metal Forming (8)	438.27	-0.1	16.10	8.06	7.63	16.70	438.00	438.00	438.00
9 Motors (12)	519.45	-0.3	12.37	7.57	9.53	9.98	519.45	519.45	519.45
10 Other Industrial Materials (20)	931.99	-0.3	8.96	5.17	13.13	34.85	931.99	931.99	931.99
11 Consumer Goods (147)	1491.38	-0.7	7.86	3.65	15.65	24.21	1491.38	1491.38	1491.38
12 Brewers and Distillers (22)	1624.14	-0.8	8.44	3.63	14.45	27.57	1624.14	1624.14	1624.14
13 Food Manufacturing (19)	1170.20	-0.6	9.80	4.23	12.59	24.43	1170.20	1170.20	1170.20
14 Food Retailing (17)	2730.66	-0.8	7.57	3.06	16.62	39.61	2730.66	2730.66	2730.66
15 Health and Household (22)	3624.89	-1.0	8.25	2.38	21.77	30.86	3624.89	3624.89	3624.89
16 Hotels and Leisure (23)	1224.12	-0.1	10.39	5.66	11.40	30.99	1224.12	1224.12	1224.12
17 Media (26)	1402.20	-0.5	9.12	5.02	13.90	36.17	1402.20	1402.20	1402.20
18 Packaging, Paper & Printing (17)	774.76	-0.5	7.94	4.55	13.55	14.35	774.76	774.76	774.76
19 Textiles (9)	931.99	-0.3	8.96	5.17	13.13	34.85	931.99	931.99	931.99
20 Toys (7)	534.72	-0.7	9.04	5.59	13.79	25.11	534.72	534.72	534.72
21 OTHER GROUPS (10)	1231.78	-0.2	10.17	5.21	12.12	23.73	1231.78	1231.78	1231.78
41 Business Services (12)	1276.53	-0.3	8.98	5.11	13.90	29.13	1276.53	1276.53	1276.53
42 Chemicals (21)	1402.20	-0.5	9.12	5.02	13.90	36.17	1402.20	1402.20	1402.20
43 Consumer Goods (147)	1491.38	-0.7	7.86	3.65	15.65	24.21	1491.38	1491.38	1491.38
44 Transport (13)	2157.35	-0.5	8.77	4.94	14.34	48.90	2157.35	2157.35	2157.35
45 Electricity (16)	1202.56	-0.3	14.36	5.40	8.99	18.41	1202.56	1202.56	1202.56
46 Telephone Networks (4)	1462.99	-0.3	10.14	4.16	12.80	118.37	1462.99	1462.99	1462.99
47 Water (10)	2271.93	-0.7	12.71	6.49	6.40	118.37	2271.93	2271.93	2271.93
48 Miscellaneous (23)	1265.47	-1.2	6.99	4.86	21.29	47.89	1265.47	1265.47	1265.47
49 INDUSTRIAL GROUP (460)	1265.47	-1.2	6.99	4.86	21.29	47.89	1265.47	1265.47	1265.47
50 Oil & Gas (20)	2500.72	-0.4	10.85	5.47	12.13	50.59	2500.72	2500.72	2500.72
51 S&P 500 INDEX (500)	1349.19	-0.3	9.36	4.70	13.29	26.28	1349.19	1349.19	1349.19
61 FINANCIAL GROUP (94)	792.58	-0.8	5.97	-	20.81	799.20	799.20	799.20	799.20
62 Banks (9)	915.58	-1.2	6.55	6.05	23.12	22.63	915.58	915.58	915.58
63 Insurance (Life) (7)	1476.66	-0.4	-	-	6.73	-	1476.66	1476.66	1476.66
64 Insurance (Compensation) (6)	620.46	-0.4	-	-	6.73	-	620.46	620.46	620.46
65 Insurance (Brokers) (8)	1164.36	-0.3	6.70	5.82	19.35	30.61	1164.36	1164.36	1164.36
66 Merchant Banks (7)	424.18	-0.2	6.29	5.17	11.28	7.80	424.18	424.18	424.18
67 Property (37)	888.00	-0.4	6.29	5.17	11.28	7.80	888.00	888.00	888.00
68 Other Financial (22)	1207.20	-0.2	6.29	5.17	11.28	7.80	1207.20	1207.20	1207.20
69 Investment Trusts (70)	1214.62	-0.4	-	-	4.84	-	1214.62	1214.62	1214.62
70 ALL-SHARE INDEX (664)	1214.62	-0.4	-	-	4.84	-	1214.62	1214.62	1214.62
FT-SE 100 SHARE INDEX	2547.3	-13.7	2558.1	2546.1	2561.0	2556.8	2547.3	2547.3	2547.3

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS									
				Thu Jul 18	Wed Jul 17	Year Average (approx.)			
Accrued interest		advised (100%)	British Government						
1		Low	5 years	9.07	9.03	10.75			
2		10 years	15 years	9.84	9.86	10.74			
3		10 7/8 % (20)	20 years	9.84	9.88	10.74			
4		Medium	5 years	10.24	10.26	10.25			
5		7 1/2 %	10 years	10.03	10.06	11.23			
6		8 1/2 % - 10 1/2 %	20 years	9.96	9.99	10.89			
7		High	15 years	10.44	10.44	11.23			
8		11 %	20 years	10.16	10.19	11.46			
9		11 1/2 %	20 years	10.06	10.08	11.12			
10		Irredeemables		10.04	10.05	10.74			
11		Index-Linked							
12		Inflation rate 5%	Up to 5 yrs.	4.41	4.46	5.45			
13		Inflation rate 5%	Over 5 yrs.	4.27	4.36	5.36			
14		Inflation rate 10%	Up to 5 yrs.	4.14	4.16	4.27			
15		Inflation rate 10%	Over 5 yrs.	4.14	4.17	4.17			
16		Debt & Loans	5 years	11.91	11.95	13.82			
17		Debt & Loans	15 years	11.70	11.73	12.78			
18		Debt & Loans	25 years	11.49	11.51	12.51			

1 p.m. 2554.5; Noon 2554.4; 1 p.m. 2554.1; 2 p.m. 2552.7; 2.30 p.m. 2552.5; 3 p.m. 2555.1; 4 p.m. 2555.1; 4.30 p.m. 2555.1; 5 p.m. 2555.1; 5.30 p.m. 2555.1; 6 p.m. 2555.1; 6.30 p.m. 2555.1; 7 p.m. 2555.1; 7.30 p.m. 2555.1; 8 p.m. 2555.1; 8.30 p.m. 2555.1; 9 p.m. 2555.1; 9.30 p.m. 2555.1; 10 p.m. 2555.1; 10.30 p.m. 2555.1; 11 p.m. 2555.1; 11.30 p.m. 2555.1; 12 p.m. 2555.1; 12.30 p.m. 2555.1; 1.30 p.m. 2555.1; 1.45 p.m. 2555.1; 1.55 p.m. 2555.1; 2.05 p.m. 2555.1; 2.15 p.m. 2555.1; 2.25 p.m. 2555.1; 2.35 p.m. 2555.1; 2.45 p.m. 2555.1; 2.55 p.m. 2555.1; 3.05 p.m. 2555.1; 3.15 p.m. 2555.1; 3.25 p.m. 2555.1; 3.35 p.m. 2555.1; 3.45 p.m. 2555.1; 3.55 p.m. 2555.1; 4.05 p.m. 2555.1; 4.15 p.m. 2555.1; 4.25 p.m. 2555.1; 4.35 p.m. 2555.1; 4.45 p.m. 2555.1; 4.55 p.m. 2555.1; 5.05 p.m. 2555.1; 5.15 p.m. 2555.1; 5.25 p.m. 2555.1; 5.35 p.m. 2555.1; 5.45 p.m. 2555.1; 5.55 p.m. 2555.1; 6.05 p.m. 2555.1; 6.15 p.m. 2555.1; 6.25 p.m. 2555.1; 6.35 p.m. 2555.1; 6.45 p.m. 2555.1; 6.55 p.m. 2555.1; 7.05 p.m. 2555.1; 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RISES AND FALLS YESTERDAY

British Funds, Domestic and Foreign Bonds, Financial and Properties, etc.									
Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change
1 British Funds				221	279	1,015			
2 Domestic Bonds				6	6	142	529		
3 Financial and Properties				0	0	18	48		
4 Other				26	37	95			
5 Totals				437	545	1,779			

LONDON RECENT ISSUES

EQUITIES									
Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change
1 British Funds				221	279	1,015			
2 Domestic Bonds				6	6	142	529		
3 Financial and Properties				0	0	18	48		
4 Other				26	37	95			
5 Totals				437	545	1,779			

FIXED INTEREST STOCKS

EQUITIES									
Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change
1 British Funds				221	279	1,015			
2 Domestic Bonds				6	6	142	529		
3 Financial and Properties				0	0	18	48		
4 Other				26	37	95			
5 Totals				437	545	1,779			

RIGHTS OFFERS

Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change	Day's High	Day's Low	Index No.	Day's Change
1 British Funds				221	279	1,015			
2 Domestic Bonds				6	6	142	529		
3 Financial and Properties				0	0				
4 Foreign Bonds				1	1	142	529		
5 Foreign Stocks				2	2	142	529		
6 Government Securities				3	3	142	529		
7 Industrial Stocks				4	4	142	529		
8 Life Insurance				5	5	142	529		
9 Miscellaneous				7	7	142	529		
10 Oil and Gas				8	8	142	529		
11 Real Estate				9	9	142	529		
12 Retail				10	10	142	529		
13 Services				11	11	142	529		
14 Transportation				12	12	142	529		
15 Utilities				13	13	142	529		
16 Other				14	14	142	529		
17 Total				15	15	142	529		

* Annualized dividend, b Payout based on prospectus estimate, c Dividend rate paid or payable on part of capital, d Gross based on official call capital, e Dividend dividend and price, f Earnings based on preliminary figures, g Dividend or estimated annualized dividend rate, h Gross based on preliminary figures, i Dividend and yield based on prospectus or other official estimates for 1991, j Estimated annualized dividend rate, k Dividend and yield based on prospectus or other official estimates for 1991, l Estimated annualized dividend rate, m Dividend and yield based on prospectus or other official estimates for 1991, n Gross, o Dividend annualized dividend rate, p Gross and price based on prospectus or other official estimates, q Five Years Future, r Offered to holders of ordinary shares at a "sight", s Indemnities, t Placing price, u Representative, v Unlisted securities market, w Based in connection with registration, merger or acquisition, x Price at a premium.

TRADITIONAL OPTIONS

• First Dealings	July 8	Calls in Amsted, Astra Pol, Bar-
• Last Dealings	July 19	rett Devs., Contain, Docus, How-
• Last Declarations	Oct. 10	ard, Rosehaugh and Streiber
• For settlement	Oct. 21	Trust, Puts and calls in Amsted
For sale indications see end of		and Control Sec. -

London Share Service

UK COMPANY NEWS

Deal will result in Trafalgar House's container shipping operation being split up
P&O agrees £42.5m acquisition of Ellerman

By Richard Tomkins, Transport Correspondent

THE PENINSULAR and Oriental Steam Navigation Company yesterday agreed to buy the Ellerman container shipping interests of Trafalgar House for £42.5m in cash.

The acquisition will also result in the transfer of £20m worth of borrowings to P&O.

However, the total cost of £62.5m will be partially offset by unquantified sums received for parts of the Ellerman business which are to be sold on.

Lord Sterling, P&O's chairman, said the purchase price would be more than covered by the £20m that P&O was to receive for its recently agreed sale of the port of Felixstowe to Hutchison Whampoa of Hong Kong.

The deal will consolidate P&O's position as Britain's biggest container shipping group and end Trafalgar House's involvement in cargo shipping.

Trafalgar House will, however, retain its Cunard Line passenger ship-

ping operations comprising the flag-ship Queen Elizabeth 2 and six other cruise ships.

It will also retain the Atlantic Conveyor, a modern container vessel plying the North Atlantic trade. This vessel is on charter to Atlantic Container Line until the end of the century.

P&O said its main purpose in agreeing the deal was to strengthen its interests in the trades between Europe and Australia, New Zealand and Africa,

where it and Ellerman had operated in competition.

Ellerman's Europe-Australasia business will be combined with its own, but the Australasia-North America business will go to Blue Star Line and the Mediterranean, Middle Eastern and Indian Ocean East African trades will be sold to Andrew Weir Shipping.

P&O's shares closed up 8p yesterday at 552p, Trafalgar House's fell 3p to 239p.

Peaks and troughs in a contracting industry

Richard Tomkins looks at the background to P&O's purchase from Trafalgar House

IT HAS been a week of good and bad news on the shipping front for Lord Sterling, chairman of the Peninsular and Oriental Steam Navigation Company.

On Monday he suffered the ignominy of a personal defeat when his 18-month-long campaign to win tax breaks for the UK shipping industry (and, thereby, P&O) came to grief in the House of Commons.

Yesterday he was savouring the joys of a personal triumph as his company devoured the container shipping interest of his old adversary Sir Nigel Brookes, chairman of Trafalgar House.

The two groups have long borne a striking resemblance to one another, vying to build up portfolios embracing property, construction and house-building as well as shipping.

Trafalgar House entered the shipping business in 1971 through its acquisition of Cunard, the passenger line. It attempted to expand by taking over P&O in 1983, but its bid was successfully fought off by Lord (then Mr) Sterling. Consolation came with the purchase of the Ellerman container shipping line four years later.

P&O, meanwhile, expanded rather more quickly, most notably through the purchase of Overseas Containers, Britain's biggest container line, in 1986 and through the takeover of European Ferries, the

cross-channel ferry operator, the same year.

For Sir Nigel, the disposal of his container shipping interests to his traditional rival must have been a bitter pill to swallow. But in the light of developments in the container shipping industry, he found himself with little choice.

When consortia for the operation of the most important world trade routes began to emerge in the 1970s, they were seen as advantageous because they allowed shipping lines to make a stake in the container trade routes without the need for massive investments in vessels and equipment.

More recently the consortia have begun to founder. In some cases, the patterns of world trade on which they were based have shifted; everywhere, poor shipping rates have put them under pressure; the recession in world trade has led to overcapacity; and more efficient operators have come to resent being constrained by a cost base dictated by less efficient members.

As in many other industries, the still relatively new container shipping industry has now started to succumb to the process of rationalisation in which the smaller operators are being absorbed by the larger ones.

Trafalgar House's Ellerman subsidiary was involved in a series of different consortia, but in global terms was only a



Sir Nigel Brookes, left, and Lord Sterling: have long competed with each other in building up similar empires

tiny player. Its prize asset was the Atlantic Conveyor, a modern container ship purpose-built for the north Atlantic trades.

Aside from that it owned just four other container ships and a small tanker, and owned 11 container ships with other members of consortia.

Not large enough to secure the economies of scale necessary to survive in today's shipping market, it found itself in a double bind: unable to make a satisfactory return on its

assets and unable to generate sufficient cash to renew them.

P&O, easily Britain's biggest remaining shipping company, is a logical buyer: not so much for the rag-bag of consortium interests which Ellerman comprises, but for the Australia, New Zealand and South Africa trade routes included in the portfolio.

At present P&O Containers is in direct competition on these important trades with the so-called ACT(A) consortium, in which Ellerman has a

57.5 per cent stake and Blue Star Lines, a Vestey family company, 42.5 per cent.

Yesterday's deal means P&O will not only acquire Ellerman's stake in ACT(A); it will also take Blue Star's stake in exchange for Ellerman's Australasia/North America trades, which P&O does not want.

P&O is therefore seeing off its main competitor on this route while greatly increasing its capacity, with only a minimal increase in on-shore costs.

In addition, it will acquire the Ellerman container terminal interests in Australia to add to its own extensive waterfront operations in that country.

One obstacle standing in the way of the deal is the possibility of a Monopolies Commission inquiry. But it is unlikely to be a serious threat.

Although competition between British operators will be eliminated, shipping is a global industry in which competition between international operators is often fierce.

An unanswered question remains, however, about what it means for seafarers' jobs. No cuts were announced yesterday, but the logic of the deal sets firmly on the opportunity for rationalisation of crews, in all likelihood it points to a further contraction of Britain's dwindling merchant fleet.

See Observer

BT calls in new managing director

By Hugo Dixon

BRITISH Telecommunications will have a new group managing director later this year, the UK's largest company by market capitalisation revealed yesterday.

The new executive, so far unnamed, will take up a position left vacant when Mr Graeme Ogden, the previous group managing director, resigned last year. He will report to Mr Iain Vallance, who remains chairman and chief executive of BT.

The new group managing director, who currently works for another telecommunications company in the UK, was said not to be a "household name". He is expected to take up his appointment at the beginning of September and to be paid £250,000-£300,000 a year.

Meanwhile, Mr John Raiman, a former chairman of Shell UK, is to retire as BT's non-executive deputy chairman later this year. He is likely to be replaced by Mr Mike Betts, currently the executive vice chairman, but in an executive capacity.

Mr John Goble, another non-executive director, will also be retiring.

The board changes would appear to reduce the power of non-executive directors. They also follow the abrupt departure earlier this year of two prominent executives, Mr David Day and Mr Sydney O'Hara, respectively heads of BT's business communications and special businesses divisions.

Mr Vallance used the prospective appointments of a group managing director to justify his 43 per cent increase in salary to shareholders at the company's annual meeting in Nottingham yesterday.

"If you want first rate managers you have to pay for them," he said. "And the chairman's remuneration effectively sets the ceiling on what the company can pay and retain."

Mr Vallance was criticised by several shareholders over his large salary rise but received sympathy when he declared that "what I do with my money is for me and me alone".

Allied-Lyons' drinks refocusing puts sale tag on Babycham

By David Owen

BABYCHAM is set to gambol away from the Allied-Lyons fold in coming months, along with a number of other drinks brands including Copperhead cider and QC British sherry.

The food and drinks group announced yesterday that its UK cider, perry and British wine interests were to be sold. The move, which is expected to raise between £100m and £150m, is a consequence of the group's decision to focus its wine and spirits division on premium wines and distilled spirits.

The news was favourably received in the City, where it was seen as evidence that the group's new management will not let sentimentality stand in the way of a thorough review of its business portfolio.

"It is an indication that nothing is sacrosanct," said Mr Geoff Collier, drinks analyst at County NatWest. Two months ago, the company announced that its Lyons Maid ice cream

business and Saporiti Italian bakery operations would be sold.

Potential buyers for the drinks brands, whose annual turnover is in excess of £150m, are thought to include Harrold Clark, the wine and spirits group, and BP Bulmer, the biggest player in the UK cider market. Discussions are already under way with interested parties.

Investor confidence in Allied was severely shaken earlier this year by the disclosure of a £147m foreign exchange dealing loss.

The loss precipitated the announcement of wide-ranging management changes - including the early departure of Sir Derrick Holden-Brown, chairman - and has resulted in the group being seen as a potential takeover target.

The shares rose 2 1/2p yesterday to 588p. Baring Brothers has been retained to assist with the disposals.

Creditors approve plans to rescue Chancery

By David Barchard

CREDITORS HAVE approved proposals to salvage Chancery Group, the small banking and financial services group, through a Voluntary Arrangement under the 1986 Insolvency Act.

Plans for the rescue of the group were announced at the first formal creditors' meeting of Chancery which has debts to other financial institutions and banks of about £150m and a loan book of about £140m before provisions.

The group was placed in administration on February 18 after it ran into liquidity problems.

Mr Colin Bird and Mr Mark Homan of Price Waterhouse, the administrators, announced yesterday that they expect to apply in October to the Court for a lifting of the administration order on Chancery, if their proposals are adopted by a formal meeting of shareholders and creditors in that month.

Under the rescue plan, new capital will be injected into Chancery and a portion of its debts will be converted into capital. Other debts will be repaid over a five year period while new management will be brought into the group.

"These proposals are designed to give Chancery a future, the creditors repayment of a substantial proportion of their claims over a period, with an interest in the meantime, and a sharing of the ownership of the ongoing group between existing shareholders and the major creditors," Mr Bird said yesterday.

A committee of representatives of the main creditors and the Deposit Protection Board has been appointed by the creditors' meeting to work with the administrators.

The Deposit Protection Board is to write to sterling depositors in Chancery Bank inviting them to make claims under the deposit protection legislation.

Peel incurs £8.5m loss and cuts dividend by 7p

By Ian Hamilton Fazey, Northern Correspondent

PEEL HOLDINGS, the Rochdale-based property group, yesterday reported a swing from profits of £3.22m to losses of £8.48m pre-tax for the year to March 31.

The final dividend is being cut to 2p (7p) making a 3p (10p) total.

The loss included exceptional provisions of £6.21m relating to trading properties and abortive development expenditure.

Additionally, there were extraordinary losses of £24.4m (gains £6.22m) of which £17.5m related to losses on the sale of investment properties. After tax and preference dividends, the overall loss for the year attributable to ordinary shareholders was £28.9m (profit £10.1m).

Mr John Whittaker, chairman, blamed high interest rates and falling demand which proved particularly painful for Peel with its high gearing following its £204m acquisition of London

Shop in 1989.

The interest charge for the year fell by £1m to £49.1m. Before the charge Peel - 50.3 per cent of which is owned by Mr Whittaker or family interests - made profits of £26.6m (£28.4m).

A revaluation resulted in Peel's property portfolio falling 18 per cent to £70.8m and was the main cause in a reduction in shareholders' funds from £267.5m to £251.9m.

However, Peel has managed to survive by maintaining cash flow out of property sales, even though this meant quickening its disposal programme by selling at an average of 14.1 per cent below book value. The tactic brought in £108.2m during the year and helped reduce group borrowings from £380.1m to £354.2m.

Despite the disposals, Peel also managed to weather the general fall in rental values through rent reviews and lease renewals.

Goode Durrant dives to £7.4m as recession takes its toll

By Jane Fuller

GOODE DURRANT, which has pared down most of its activities to vehicle hire, motor distribution and building - all recession affected, saw pre-tax profit fall by 45 per cent in the year to April 30.

Wimborne, registered in the British Virgin Islands, has just over 24 per cent of the equity. Mr Michael Waring, Goode Durrant's chairman, said the group had braced itself for a bid early this year, but had heard nothing for some months.

However, Mr Tim Nash, of Wimborne, said yesterday that the results confirmed his company's worst fears. "All the indicators give shareholders cause to question the future."

Goode Durrant's pre-tax decline from £13.5m to £7.37m came on reduced turnover of £241.2m (£257.94m). It followed a near doubling of interest

costs to £6.25m (£3.35m).

Mr Waring said that although year-end net debt was only £3m higher at £38.8m, gearing of 62 per cent, there had been an upsurge last summer. Since then, the group had cut the hire fleet from 6,800 to 5,850 and reduced financing costs by extending vehicle hire.

The biggest pre-tax profit fall came in vehicle and equipment hire which slid to £1.87m (£5.18m). There was less profit from buying and selling vehicles, and interest costs and bad debts increased - the latter tenfold. After cutting the fleet, utilisation rates stood at 90 per cent.

Motor distribution by the Laidlaw subsidiary maintained pre-tax profit at £1.96m, helped by servicing and repairs.

Rawlings, the house building and construction business, was hit by the southern slump and a small decline in the north.

Other activities, a mixture of interest received, commodity trading and head office costs, fell by nearly two thirds to £32,000 (£252m).

The South African trading finance associate contributed £1.15m (£1.1m). Discontinued activities, namely banking and some trading, accounted for £590,000 (£1.1m).

An extraordinary charge of £1m (£132,000) was made for sold and closed operations.

Shareholders' funds of £59.54m (£61.19m) were also affected by goodwill write-offs.

The net asset value per share was 112p (115p), compared with yesterday's close of 78p.

Earnings per share fell to 9.3p (16.8p). A maintained final dividend of 3.25p makes an unchanged total of 2.15p.

Pre-tax profit is forecast to improve to £2m, giving a prospective multiple of 7.6 and yield of 9.5 per cent.

Stanley Leisure falls 15% as interest charges bite

By David Churchill, Leisure Industries Correspondent

HIGHER INTEREST charges and a static market for its provincial casinos led to a 15 per cent decline in taxable profits at Stanley Leisure, the betting shop, casino, and snooker club group, in the year to April 28.

Interest charges of £3.48m (£1.93m) reflected acquisitions - including eight provincial casinos - made in the final quarter of the previous financial year.

The profits fall - from £4.4m to £7.13m - would have been even worse had it not been for an improved performance from Stanley's betting shops which lifted profits by 13 per cent to £5.12m on turnover of £158.4m (£131.2m).

Turnover in the casinos division rose 30 per cent to £27.1m, but profits slipped to £5.27m (£3.34m).

The acquired casinos traded at higher levels than prior to their purchase, although not as high as had been expected.

"The casinos division has been affected by the recession, with differing regional effects being noticeable, both in terms of attendance and spend," directors said.

Investment in the casinos operation totalled £6.8m during the year, of which £4m related to the acquisition of casinos in Southampton and Bournemouth.

A proposed final dividend of 3.05p makes a total for the year of 4.85p (4.5p).

Hampson Inds down by 36%

By David Owen

Hampson Industries, the West Midlands-based industrial group, reported a 36 per cent reduction to £5.04m in annual profits, following "substantial" losses at its printing machinery businesses.

The outcome came from £7.91m last time, came turnover ahead some 13 per cent to £78.5m (£85.7m).

The group said that the printing industry "went from bad to worse" during the course of the year and "virtually all off the edge of a cliff shortly after the year-end."

There is a final dividend of 1.77p after allowing for a 1-for-1 scrip issue. The total is 2.37p (2.31p).

Fully diluted earnings per share fell from 7.17p to 4.55p.

Jones Stroud falls to £4.49m

PROFITS of Jones Stroud (Holdings) declined from £6.22m to £4.49m pre-tax for the year to March 31.

That was some £1m lower than directors were looking for in December, at the time of the interim results. The shares, however, rose by 3p yesterday to 153p.

A same-as-again final dividend

of 5p makes a maintained 8p total.

Turnover was virtually static at £90.4m (£90.3m) - the group makes accessories and materials for the textile and electrical industries.

Tax of £1.77m (£2.08m) left attributable profits at £3.3m (£4.03m), equal to earnings of 16.42p (21.83p) per share.

Directors warned that profits for the first six months of the current year would be "somewhat lower" than those for the equivalent period of the past year.

They anticipated, however, that the interim dividend would be maintained at 3p.

Leopold Joseph declines to £1.1m

Leopold Joseph, the merchant banking group, announced reserves transfer down from £1.7m to £1.1m in the year to end-March.

Prism Leisure leaps 88% to £761,000

Prism Leisure, the USM-quoted music and computer games group, lifted taxable profits by 88 per cent over the 12 months to March 31 1991.

The increase - from £405,000 to £761,000 - came on turnover ahead to £12.5m (£10.5m). Earnings per share leapt to 11.8p (£46.6m).

Net assets dip at River & Mercantile

River and Mercantile Trust, a split-capital investment trust, reported net asset value down from 191.88p to 182.71p per capital share over the 12 months to June 30.

Net revenue for the six months to end-June fell to £3.15m (£3.43m) for earnings of 4.09p (4.52p) per income share. The second interim dividend is maintained at 1.6p.

Handbag fashion leaves Elbief in red

Elbief, the West Midlands-based manufacturer of photograph and handbag frames, clocks and mirrors, incurred a taxable deficit of £29,000 in the 12 months to April 30.

The lapse into the red from last time's profit of £178,000 bore out the pessimistic tenor of the interim statement.

(4.8p) and the recommended final dividend is raised to 3.45p for a total of 4.95p (4.5p).

Essex Water reaches £16m for 15 months

Essex Water, the statutory water company which is expected to convert to a public company in August, announced taxable profits of £15.7m for the 15 months to March 31, against £5.2m in the previous 12 months.

Earnings amounted to 163p per share and directors propose a final dividend of 75.36p making 75.36p for the 15-month period. Turnover was £68.5m (£46.6m).

Brasway sharply down at £112,000

Sharply reduced pre-tax profits were announced by Brasway, the West Midlands-based engineer, for the year to April 27.

In "severe trading conditions" turnover declined to £34.1m (£47m) and the taxable result fell from £266,000 to £112,000.

Earnings per share dropped to 0.53p (2.33p) and a final dividend of 0.27p (0.54p) is proposed for a 0.81p (0.75p) total.

To stem losses the company closed three depots in its tube stockholding division, reorganised the Daybrook operation and transferred much of the manufacturing side to Market Weighton, Yorkshire.

Taylor Woodrow ends Edmond talks

Taylor Woodrow, the construction and property group, said yesterday that preliminary discussions which it had been having with Edmond Holdings,

the Hull-based housebuilder, had been terminated.

Edmond shares rose 6 1/2p to 45p after an earlier announcement that it had received an approach "which may or may not lead to an offer for the share capital of the company."

Ryan Hotels slides £509,000 into red

Ryan Hotels, the Dublin-based hotels and tour operator, slid from pre-tax profits of £509,000 into losses of £509,000 (£461,000) in the six months to April 25.

The result was struck on turnover down from £83.25m to £77.02m and represented a marked downturn from the profits of £2.52m reported at the October year-end.

Mr Conor McCarthy, chairman, said the Gulf war had seriously disrupted international travel. The US tourist market had not recovered but bookings from the Irish, UK and continental markets were ahead of last year.

Losses per share came through at 1.15p (0.45p earnings) but the interim dividend is maintained at 0.5p.

Hayter Brockbank to increase capacity

Hayter Brockbank, the Lloyd's agency group, yesterday announced that it will increase its underwriting capacity by 47 per cent next year.

The agency's four underwriting syndicates will be able to accept premium income of £210m in 1992, compared with £145m in 1991.

The development means that the group, which has been at

the forefront of moves among Lloyd's agencies to cut costs by rationalising syndicate numbers, should increase its share of the Lloyd's insurance market.

Overall capacity at Lloyd's is expected to fall from its present level of £11.4bn to about £10.8bn next year.

Each of the four syndicates made profits in 1990.

Like two other agency groups at Lloyd's, Hayter Brockbank trades on a matched basis under the Stock Exchange's S36 rules.

Trust of Property net assets improve

Net asset value of Trust of Property Shares rose from an adjusted 69.04p to 77.31p per share over the year to June 30.

Available reserves for the six months to end-June totalled £31,890, marginally down on the £33,336 returned a year earlier. Earnings per share slipped from 0.506p to 0.483p.

Net assets advance 16% at EFM Java

The net asset value of EFM Java Trust, the UK investment trust which specialises in investment in Indonesia, increased by 15.8 per cent at the interim stage.

The rise from 37.15p per share at end-December 1990 to 42.88p at June 30 1991, compared with a sterling adjusted fall of 2.7 per cent in the Indonesian index.

The trust's substantial opening cash balance was invested during the period with the result that earnings per share were left at 0.261p (1.204p);

reflecting the reduction in interest income.

Directors said that in line with the objective of long-term capital growth there would be no interim dividend this time.

Marginal decline in net assets at Witan

The net asset value of Witan Investment amounted to 178.5p per share at June 30, a marginal decline of 4 pence on the figure a year earlier.

Nav of the warrants fell from 109.5p to 102p over the same period.

Net revenue in the six months to end-June totalled £2.23m (£2.8m) for earnings of 2.4p (2.01p) per share. The interim dividend is raised from 2.25p to 2.5p and directors said that the final distribution will be at least maintained.

EIT deficit cut to £0.25m

EIT Group, a USM-quoted company formerly known as Mactprint, ran up a pre-tax loss of £248,000 for the 10 months ended March 31. That compared with a forecast of £248,000 made last May and with losses of £383,000 for the year to end-May 1990.

Most of the loss related to photographic equipment activities, now discontinued. Two computer software companies have been acquired and EIT is now aiming to build itself into an international company engaged in information technology.

Turnover amounted to £485,000 (£368,000) and losses per share totalled 0.069p (5.56p).

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COMMODITIES AND AGRICULTURE

Chinese grain crops devastated

CHINA'S AUTUMN grain crop was threatened by disastrous floods, but the country did not face famine, a senior official said yesterday, reports Reuters from Beijing.

"From north to south [the floods] have affected half of China. This is a small disaster," said Mr Li Zengyi, deputy director of the International department at the government's disaster relief office.

"Even if there is no more rain, it will still take two weeks for the water to recede. That is too late for the autumn harvest," he added.

"Planting of the important autumn grain crop usually begins in late May and early June, coinciding with the rains. Crops destroyed are the smaller summer harvest.

The floods have hit 18 provinces, many of them important grain producers. Crop losses were bound to mount as the flood season continued. Mr Li said, but added that there was no risk of famine. "In our country, the spirit of coming to the aid of comrades in trouble is very strong," he said. Foreign aid would also help.

Officials estimate that 8.7m tonnes of grain have been lost in Anhui province and 4m in Jiangsu. They have also lost about 1m tonnes of rapeseed and other oil-producing crops, Mr Li said. Hubei has lost about 7m tonnes of grain, he added.

China produced a record 450m tonnes of grain in 1990.

Gold hedging controversy flares up again

By Philip Gawth in Johannesburg

THE CONTINUING dispute in the gold industry about the impact of hedging activities on the bullion price has flared up again with two South African mining houses expressing sharply different views on the subject.

Mr Gary Maude, managing director of Gencor, the gold arm of the Gencor group, said on Wednesday he was concerned that producers were actually doing themselves harm by selling forward large amounts of gold. He said his research indicated that for every five tonnes of extra gold placed on the market by forward sales the price of gold dropped by about \$1 a troy ounce. There were about 800 tonnes of gold in the world sold forward presently, suggesting that without these sales the gold price would be close to \$500, he said.

Talking issue with Mr Maude is Mr Clem Sunter, chairman of the Gold and Platinum division at Anglo American, the world's largest producer. He said yesterday that he believed the total figure for South Africa's forward sales numbered in hundreds of tonnes. He compared this with gold futures contract volume on the US and Tokyo exchanges last year of 37,000 tonnes of gold.

"If South Africa sells a few hundred tonnes forward we certainly don't think it's going to make a great dent in the market," said Mr Sunter.

Mr Maude said Gencor accepted the case for selling forward on a small scale to help marginal mines. He was certain the gold price would have increased by 1995, but said the short-term performance depended upon the extent of forward sales.

Analysts estimate that 20 to 30 per cent of the country's annual production of about 600 tonnes is sold forward. Neither Gencor nor Anglo American disclose the extent of their forward sales.

One group that does is Anglovaal. Their announcement earlier this week that they had sold forward production as far as September next year at prices between R26,711 a kilogram (R397 a troy ounce) and R28,046 a kilogram (R422 an ounce) has some Gencor managers wondering privately whether their principled stance doesn't amount to needless self-denial. Gencor mines received an average price of R32,000 a kilogram in the June quarter while the bulk of Anglovaal's gold received a price between R34,300 a kilogram and R35,050 a kilogram.

Ecological pressures lift metals costs

By Kenneth Gooding, Mining Correspondent

ENVIRONMENTAL pressures could by 1995 push up the cash cost of copper production by 15 per cent in real terms and of producing aluminium by 12 per cent, according to the Credit Lyonnais leading financial services group.

These pressures are also holding back metals production and are likely to cause shortages of smelter capacity. For old and new mining operations the environmental costs are rising dramatically. CIL's mining team points out in its latest base metals review, "The capital cost of new integrated mining projects are being increased by up to 25 per cent in some cases as the full costs of environmental factors is taken on board."

CIL suggests that many European and North American smelting operations will have to spend heavily to comply with Environmental Protection Agency standards to come into force in 1994 and 1999.

This is especially true of the copper and aluminium industries where many smaller and pot lines are more than 15 years old. Eastern European metal production facilities are also mainly old, uneconomic and in need of major investment to bring them up to western standards as far as pollution is concerned.

CIL says it is not clear who is to pay for the higher environmental standards in the west. In eastern Europe "we believe that financial aid will only be forthcoming from lending agencies if the east gets its environmental act together. This will inevitably lead to closures of many metal producing facilities in the former Soviet bloc," it adds.

"In summary, we see the 'greener' issue constraining production of major base metals throughout the world and there being a shortage of smelting capacity over the next few years. Cash costs of production will rise and a proportion of these will have to be passed on to consumers."

Chile no longer has plenty more fish in the sea

Leslie Crawford reports on a dangerous fall in pilchard stocks

THE FISHING industry in northern Chile is on the brink of collapse. After 15 years of unfettered expansion pilchard stocks, which once fed the biggest fishmeal industry in the world, are dangerously depleted.

In Iquique, a port perched on the edge of the lowering mountains of the Atacama desert, the stench of fishmeal plants has disappeared. The plants are silent, facing an idle fishing fleet moored in the bay. Even the vultures and pelicans circling overhead look hungry.

The pilchard catch has declined dramatically since a peak of 2.6m tonnes landed in 1985. Seiners, fishing vessels which carry long vertical nets, brought back only 698,000 tonnes last year. The outlook for this year is even more bleak, with landings down by 25 per cent in the first five months.

"This is a cyclical industry and we have learned how to weather bad years," says Mr Simon Carvicio, the plant manager at Pesquera Iquique, a leading fishmeal producer in Chile, which also operates a freezing plant and the biggest fish cannery in Latin America.

Mr Carvicio is adamant that the current crisis has not been caused by overfishing. Pilchards, he explains, are migratory species, and the warming of Pacific currents off the Chilean coast has pushed the shoals further north to Peru. The Peruvians are landing record catches and coming down to Chile to buy fishmeal plants," Mr Carvicio says.

But at Serap, the national fishing inspectorate, Mr Eduardo Gil says fishing companies are not prepared to acknowledge their share of the blame. "They tell us that the fish have gone south, gone

north, gone further out, but the truth is that all the pilchards have been turned into fishmeal."

"They are not fooling us, only themselves," Mr Gil says. "This is a typical case of over-exploitation. It happened to the herring stocks in the North Sea, in Japan and off California. We cannot be the exception."

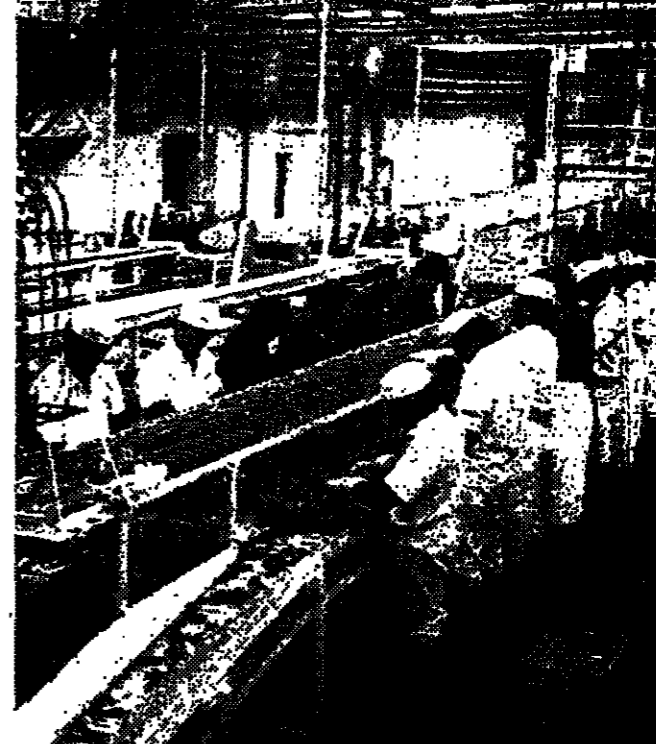
The average age of the fish caught has been dropping steadily since the mid-1980s. Last year, fishermen were bringing in pilchards that were just six years old, the age the fish mature sexually, indicating that stocks were on the border of extinction.

Serap fears that the fishing industry in northern Chile, which generates 40 per cent of the region's gross domestic product and employs 15,000 people, is about to collapse as it did 25 years ago, when anchovies were wiped out.

Mr Gil says it may take 20 to 30 years for pilchard stocks to recover. And because there is nothing to take their place, many fishmeal plants face closure. The industry, which earned \$400m in exports last year, risks losing its place at the top of the world league.

Chile's Angelini group, which owns Pesquera Iquique as well as 11 other fishmeal plants in the region, will be the biggest loser if the industry collapses. Angelini's fishing companies, some of which are joint ventures with Carter Holt Harvey of New Zealand, lost \$40m last year.

Because the group's fishing fleet lands 80 per cent of the catch in the region, Mr Angelini has been one of the strongest opponents of a new fishing law which will



Canneries are arguing for special rights because they employ more people and export a more valuable product.

Impose much tougher controls on the industry.

The law has entangled Congress for the past 18 months, but it is expected to be passed at the end of August. Mr Angelini argues that the law's stricter fishing bans and rationing of licences will deal a mortal blow to the industry in northern Chile. It will also block Mr Angelini from sending his fishing fleet south, where newer fishmeal plants are exploiting rich stocks of jack mackerel.

The scarcity of pilchards is also pitting fishmeal plants against canneries. Rival fishing fleets now employ a whole battery of detective equipment, including satellite photos, ultrasonic equipment and support aircraft, to lead them to the isolated schools of pilchards. Once detected, the race is on to fish as quickly as possible and keep the competition out of the area.

"It's a real war out there," says Mr Esteban Urcelay, manager of Pesquera del Norte, a South African-owned cannery. "We need the protection of a

fishing law, not the law of the jungle."

Mr Urcelay argues that canneries should be granted special rights because they employ more people and export a product with a greater added-value.

"With 50,000 tonnes of pilchards, my cannery can work the whole year round employing 500 people. But 50,000 tonnes is peanuts to the fishmeal factories," he says.

Mr Urcelay's seiners cannot compete with the larger fishmeal vessels in speed and efficiency. In a good year, Pesquera del Norte exports about 30m tins of pilchard. This year it has barely managed one-tenth of that figure and it is losing hard-won customers in Europe to competitors.

Mr Urcelay believes that the only way to save jobs in the region is for the government to grant individual fishing quotas to protect the canneries from the more predatory fishmeal fleet. "Otherwise," he predicts, "we face the same fate as the fishmeal industry: extinction."

Vanadium plan questioned

By Philip Gawth

HIGHVELD STEEL, the world's largest vanadium producer, has cast doubt on the prospects for the recently announced Windimurra project in Western Australia.

Mr Lesley Boyd, chairman of Highveld, said the mine would probably go the same way as the Windimurra mine, which opened in Western Australia about a decade ago, but closed within two years. He said there was already considerable overcapacity in the industry. Highveld estimate that if all existing capacity in the world was brought into production, there would be about 150m lb a year available, compared with demand of 85m to 90m lb a year.

Mr Boyd said that the only primary producers of vanadium from ore, as proposed at Windimurra, were South Africa, China and the Soviet Union. He doubted whether either of the latter two had any idea of their costs. He noted that the last three such vanadium mines or plants that had opened up were Vanso and Vanso in Canada, and Vanso in Canada. Only Vanso remains open, and it is in serious financial trouble. The alternative method of producing vanadium is as a by-product, which is less risky.

Mr Boyd also took issue with some of the figures and assumptions put forward by Mr Roderick Smith of Precious Metals Australia, which owns the Windimurra project. Mr Smith suggested that Windimurra's cash costs would be about US\$1.70 a lb, compared with \$2.90/lb for Highveld. Mr Boyd says it is not clear whether the \$1.70 figure includes finance charges, and says the \$2.90 figure is anyway Highveld's selling price. He says their costs are "significantly lower" and says there is no question that Highveld is the world's lowest cost producer.

Mr Boyd dismisses the suggestion that the Windimurra project will be lower cost than South African production because softer ore will make for lower grinding and cutting costs. He says these costs are an "absolutely minimal" part of overall costs. He adds that experience suggests the project will cost considerably more than the \$450-500m put forward by PMA.

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In general terms, the study - the most comprehensive for

Study may herald about-turn in UK forestry policy

By Bridget Bloom, Agriculture Correspondent

A NEW study which could herald an about-turn in Britain's forestry policy is published today by the Forestry Commission.

The study, commissioned from a team of independent experts, suggests that growing timber for industrial uses should not necessarily be the top priority. It recommends the establishment of a wide variety of mixed-wood forests for recreation, environmental regeneration and wildlife habitats.

In general terms, the study - the most comprehensive for

20 years - does little more than recognise changing public perceptions of environmental policy. However, it marks a distinct break with past policies, which have heavily emphasised the encouragement of commercial conifer forests in environmentally-sensitive upland areas.

Yesterday Forestry Commission officials were at pains to point out that changes in policy would come only from the government. But Mr David Grundy, Forestry Commission responsible for policy,

said that he hoped the study would generate wide debate.

At the centre of the study is the assertion that, contrary to conventional wisdom, there is unlikely to be a world shortage of industrial timber for use by developed countries in the foreseeable future. Hebert planting in Britain, which imports 90 per cent of its timber needs, has been driven by fears of diminishing supplies.

Since 1988 when the UK government withdrew controversial tax concessions, new planting has fallen well short of the

annual target of 30,000 hectares. At present it is running at a rate of some 15,000 ha a year.

The report suggests, however, that some 500,000 hectares of new planting will be needed over the next 25 to 30 years to sustain investment in the processing industry into the next century.

The main thrust of the study group's recommendations is that Britain should greatly diversify its forest planting so that it has many different types of new forest in many

different locations.

These should range from small forests or woods on the urban fringe, having no recreation as the main aim, to mixed forests, valuable commercially, socially and environmentally and planted on some of the 2m to 4m ha of land that it is estimated may prove surplus to the needs of agriculture over the next decade.

Forest Expansion: A Study of Technical, Economic and Environmental Factors. Forestry Commission, 231 Corporation Road, Edinburgh EH12 7AT.

WORLD COMMODITIES PRICES

MARKET REPORT

London robusta coffee futures broke through the bottom of their recent narrow range after selling by a big UK trade house. Dealers said there could also be heavy selling in New York linked to expectations that the meeting between the presidents of Colombia and Brazil was unlikely to lead to any significant moves towards a coffee pact with economic clauses. In New York arabica futures were also lower at midday. New York sugar prices were ahead at midday as the markets responded to rumours of the Soviet Union swapping crude oil for sugar. Traders were nervous about talk that the Soviets might be preparing to take as

much as 500,000 tonnes of whites. One of the trade houses said to be involved said no definitive deal had yet been struck. "We could see a classic buy the rumour, sell the fact situation in here this afternoon," one dealer said. On the LME talk of a further substantial rise today in warehouse stocks of aluminium - possibly by as much as 20,000 tonnes - kept prices under pressure. Nickel prices were sharply lower - dealers said the lower trend followed the failure earlier this week of three-month metal to break above resistance around \$8,600 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS	
Grade oil (per barrel FOB)	+ or -
Dubai	\$16.00-4.70 +1.25
Brent Blend (dated)	\$18.12-19.2 +1.0
Brent Blend (Sep)	\$20.00-20.10 +0.15
WTI (1 pm est)	\$22.00-22.05 +0.28
Oil products	
(NWE prompt delivery per tonne CIF)	+ or -
Premium Gasoline	\$24.35-24.5 +2
Gas Oil (UK)	\$18.12-19.2 +1
Heating Oil	\$18.12-19.2 +1
Petroleum Argus Estimates	
Other	+ or -
Gold (per troy oz)	\$389.55 +0.80
Silver (per troy oz)	\$441.25 +0.25
Platinum (per troy oz)	\$835.25 +0.25
Palladium (per troy oz)	\$585.00 -0.10
Aluminium (per tonne)	
Aluminium (UK Producer)	\$194.00 +0.25
Lead (UK Producer)	\$20.00 +0.25
Nickel (UK Producer)	\$15.40 +0.05
Tin (UK Producer)	\$20.00 +0.05
Cattle (live weight)	
Sheep (head weight)	\$11.00-11.25 +0.25
Pigs (live weight)	\$2.00-2.25 +0.25
London daily sugar (raw)	
London daily sugar (white)	\$22.50-23.00 +1
Barley (English lead)	\$18.50-19.00 +0.5
Maize (US No. 3 yellow)	\$1.50-1.55 +0.05
Wheat (US Dark Northern)	\$1.50-1.55 +0.05
Rubber (Aug)	
Rubber (Sep)	\$1.50-1.55 +0.05
Rubber (Oct)	\$1.50-1.55 +0.05
Cocoa (Aug)	
Cocoa (Sep)	\$1.50-1.55 +0.05
Cocoa (Oct)	\$1.50-1.55 +0.05
Soybeans (US)	
Soybeans (Sep)	\$1.50-1.55 +0.05
Soybeans (Oct)	\$1.50-1.55 +0.05
Soybeans (Nov)	\$1.50-1.55 +0.05
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FINANCIAL TIMES STOCK INDICES												
	Jul 16	Jul 17	Jul 18	Jul 15	Jul 12	Year Ago	High	1991	Low	Since Completion	High	Low
Government Secs	85.00	84.90	84.86	84.80	84.78	79.50	85.88	82.17	127.4	48.18	100.00	49.18
											(54/91)	(50/78)
Fixed Income	94.52	93.77	93.77	93.63	93.78	88.07	94.84	90.59	105.4	60.83	100.00	61.83
								(54/91)	(21/71)	(28/17/91)		(34/79)
Ordinary Share 0	1988.0	1979.8	1971.4	1961.1	1925.7	1868.1	2014.5	1803.3	2014.5	48.4	100.00	49.4
								(54/91)	(54/91)	(28/6/90)		(28/6/90)
Gold Mines	212.6	212.4	212.9	214.2	214.0	181.9	222.8	187.0	734.7	43.5	100.00	44.5
							(11/77)	(22/78)	(16/9/88)	(28/10/71)		(28/10/71)
FT-SE 100 Share	2547.3	2551.0	2558.6	2532.5	2497.4	2400.1	2591.0	2028.8	2561.0	80.9	100.00	81.9
							(17/77)	(17/77)	(28/10/71)	(28/10/71)		(28/10/71)
FT-SE Eurostock 300	1162.86	1162.25	1169.24	1160.07	1162.84		1192.11	638.62	1192.11	806.82	100.00	81.82
							(5/87)	(5/87)	(5/9/91)	(10/7/91)		(10/7/91)
0% Ord. Div. Yield	4.81	4.71	4.80	4.55	4.51	4.89						
Earning Div Yield	8.44	8.41	8.41	8.43	8.52	10.78						
10% Div. Yield	14.56	14.56	14.56	14.56	14.56	14.56						
SEAG Bargins 4 50p	25,828	29,782	31,982	24,247	21,213							
Share Turnover(%)		117.64	104.72	72.61	80.58	800.58						
Equity Bargins		28,889	31,151	24,006	21,213							
Share Turned (m)		4,338	4,338	3,783	3,783	3,783						
Ordinary Share Index, Hourly changes	Day's High 1978.3											
Open	1977.3	9 am	10 am	11 am	1 pm	2 pm	3 pm	4 pm	5 pm	5.5 pm	9 pm	9.4
Close	1977.3	1977.3	1978.0	1975.7	1975.4	1973.4	1973.7	1973.7	1973.7	1973.7	1973.7	1973.7
FT-SE 100, Hourly changes	Day's High 2558.1											
Open	2557.1	9 am	10 am	11 am	12 pm	2 pm	3 pm	4 pm	5 pm	5.5 pm	9 pm	9.4
Close	2557.1	2554.4	2555.3	2554.5	2554.9	2554.1	2552.3	2555.1	2555.1	2554.4	2554.4	2554.4
FT-SE Eurostock 300, Hourly changes	Day's High 1169.55											
Open	1164.17	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm	5 pm	5.5 pm	9 pm
Close	1164.17	1163.70	1163.87	1163.21	1162.42	1162.42	1163.32	1163.32	1163.32	1162.88	1162.88	1162.88

[illegible]

STOCK INDEX futures continued to drift lower, but the market was not as bearish as it had been. The fact that they had risen too quickly after the recent reduction in UOE interest rates, writes Jim McCullum.

September FT-SE 100 index closed lower and then entered the rest of the session retreating. A lack of support from most European markets led equity futures vulnerable to a sharp decline.

September lead over the spot index narrowed considerably. On one stage 100 points below the far value of 25 points, a clear indication of the market's meane.

But arbitrageurs took advantage of the futures market. They traded and executed earlier in the week when the futures market had led equities higher.

When the premium dipped below 25 points, the arbitrageurs stepped in and sold stock, supporting futures.

September evidence came in at 2,573, slightly below its target. The market finished at 22. In after hours trading, September slipped to 2,571.

In traded options, turnover was swollen by large profits in the call and put markets. Options sold just under 3,000. RF October 360 calls for a fund manager. British Gas was boosted by a buyer of 800 September 250 calls for a fund manager. British Circle sold 200 calls and 200 puts. In the month, 240 puts also traded.

BRITISH FUNDS—Cont'd										INT. BANK AND O'SEAS									
Yield		1991		Stock		Price		Yield		1991		Stock		Price		Yield		1991	
1041		1042		1043		1044		1045		1046		1047		1048		1049		1050	
1051		1052		1053		1054		1055		1056		1057		1058		1059		1060	
1061		1062		1063		1064		1065		1066		1067		1068		1069		1070	
1071		1072		1073		1074		1075		1076		1077		1078		1079		1080	
1081		1082		1083		1084		1085		1086		1087		1088		1089		1090	
1091		1092		1093		1094		1095		1096		1097		1098		1099		1100	
1101		1102		1103		1104		1105		1106		1107		1108		1109		1110	
1111		1112		1113		1114		1115		1116		1117		1118		1119		1120	
1121		1122		1123		1124		1125		1126		1127		1128		1129		1130	
1131		1132		1133		1134		1135		1136		1137		1138		1139		1140	
1141		1142		1143		1144		1145		1146		1147		1148		1149		1150	
1151		1152		1153		1154		1155		1156		1157		1158		1159		1160	
1161		1162		1163		1164		1165		1166		1167		1168		1169		1170	
1171																			

managing director. He was in executive director in the US of the Cubic Automatic Revenue Collection Group. Mr Nigel Bryant is made executive manager, customer services division, and Mr Steve Harris becomes executive manager, installation project services division.

Mr Hartmut Kleven has been appointed managing director of Ford subsidiary FAGUAR DEUTSCHLAND, Kronberg, from September 1. He joins from Ford Werke where he was director, small car programs.



and E.D. Bradford, formerly tanks & Drums, has appointed Myles Thornton (pictured) to the main board. He is sales director of the plastics division.

A Financial Times Group Company

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● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2125

$\frac{1}{n}$	$\frac{1}{n^2}$	$\frac{1}{n^3}$	$\frac{1}{n^4}$	$\frac{1}{n^5}$	$\frac{1}{n^6}$	$\frac{1}{n^7}$	$\frac{1}{n^8}$	$\frac{1}{n^9}$	$\frac{1}{n^{10}}$
1	1	1	1	1	1	1	1	1	1
$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{8}$	$\frac{1}{16}$	$\frac{1}{32}$	$\frac{1}{64}$	$\frac{1}{128}$	$\frac{1}{256}$	$\frac{1}{512}$	$\frac{1}{1024}$
$\frac{1}{3}$	$\frac{1}{9}$	$\frac{1}{27}$	$\frac{1}{81}$	$\frac{1}{243}$	$\frac{1}{729}$	$\frac{1}{2187}$	$\frac{1}{6789}$	$\frac{1}{20539}$	$\frac{1}{63169}$
$\frac{1}{4}$	$\frac{1}{16}$	$\frac{1}{64}$	$\frac{1}{256}$	$\frac{1}{1024}$	$\frac{1}{4096}$	$\frac{1}{16384}$	$\frac{1}{65536}$	$\frac{1}{262144}$	$\frac{1}{1048576}$
$\frac{1}{5}$	$\frac{1}{25}$	$\frac{1}{125}$	$\frac{1}{625}$	$\frac{1}{3125}$	$\frac{1}{15625}$	$\frac{1}{78125}$	$\frac{1}{390625}$	$\frac{1}{1953125}$	$\frac{1}{9765625}$
$\frac{1}{6}$	$\frac{1}{36}$	$\frac{1}{216}$	$\frac{1}{1296}$	$\frac{1}{7776}$	$\frac{1}{46656}$	$\frac{1}{279936}$	$\frac{1}{1679616}$	$\frac{1}{10077696}$	$\frac{1}{60466176}$
$\frac{1}{7}$	$\frac{1}{49}$	$\frac{1}{343}$	$\frac{1}{2401}$	$\frac{1}{16807}$	$\frac{1}{117649}$	$\frac{1}{823543}$	$\frac{1}{5764801}$	$\frac{1}{40353607}$	$\frac{1}{282475249}$
$\frac{1}{8}$	$\frac{1}{64}$	$\frac{1}{512}$	$\frac{1}{4096}$	$\frac{1}{32768}$	$\frac{1}{262144}$	$\frac{1}{2097152}$	$\frac{1}{16777216}$	$\frac{1}{134217728}$	$\frac{1}{1073743872}$
$\frac{1}{9}$	$\frac{1}{81}$	$\frac{1}{729}$	$\frac{1}{6561}$	$\frac{1}{59049}$	$\frac{1}{531441}$	$\frac{1}{4782969}$	$\frac{1}{43046721}$	$\frac{1}{387420481}$	$\frac{1}{3486804441}$
$\frac{1}{10}$	$\frac{1}{100}$	$\frac{1}{1000}$	$\frac{1}{10000}$	$\frac{1}{100000}$	$\frac{1}{1000000}$	$\frac{1}{10000000}$	$\frac{1}{100000000}$	$\frac{1}{1000000000}$	$\frac{1}{10000000000}$
$\frac{1}{11}$	$\frac{1}{121}$	$\frac{1}{1331}$	$\frac{1}{14641}$	$\frac{1}{161051}$	$\frac{1}{1771561}$	$\frac{1}{1953125}$	$\frac{1}{21666801}$	$\frac{1}{241376331}$	$\frac{1}{2695716201}$
$\frac{1}{12}$	$\frac{1}{144}$	$\frac{1}{1728}$	$\frac{1}{20736}$	$\frac{1}{248832}$	$\frac{1}{2985984}$	$\frac{1}{35831808}$	$\frac{1}{429981696}$	$\frac{1}{5159780352}$	$\frac{1}{61917364224}$
$\frac{1}{13}$	$\frac{1}{169}$	$\frac{1}{2197}$	$\frac{1}{28541}$	$\frac{1}{371293}$	$\frac{1}{4826811}$	$\frac{1}{62748543}$	$\frac{1}{815731061}$	$\frac{1}{10604503793}$	$\frac{1}{137858559301}$
$\frac{1}{14}$	$\frac{1}{196}$	$\frac{1}{2744}$	$\frac{1}{37324}$	$\frac{1}{521304}$	$\frac{1}{7308272}$	$\frac{1}{102315808}$	$\frac{1}{1432421312}$	$\frac{1}{20053898368}$	$\frac{1}{280754577152}$
$\frac{1}{15}$	$\frac{1}{225}$	$\frac{1}{3375}$	$\frac{1}{50625}$	$\frac{1}{759375}$	$\frac{1}{11390625}$	$\frac{1}{170859375}$	$\frac{1}{2562890625}$	$\frac{1}{38443359375}$	$\frac{1}{576650390625}$
$\frac{1}{16}$	$\frac{1}{256}$	$\frac{1}{4096}$	$\frac{1}{65536}$	$\frac{1}{1048576}$	$\frac{1}{16777216}$	$\frac{1}{268435456}$	$\frac{1}{4294967040}$	$\frac{1}{68719472640}$	$\frac{1}{1099511603200}$
$\frac{1}{17}$	$\frac{1}{289}$	$\frac{1}{4913}$	$\frac{1}{83521}$	$\frac{1}{1419857}$	$\frac{1}{24137633}$	$\frac{1}{410338369}$	$\frac{1}{6977753281}$	$\frac{1}{118621805761}$	$\frac{1}{2016770697961}$
$\frac{1}{18}$	$\frac{1}{324}$	$\frac{1}{5832}$	$\frac{1}{104976}$	$\frac{1}{1889472}$	$\frac{1}{33913056}$	$\frac{1}{610435008}$	$\frac{1}{11001830400}$	$\frac{1}{198032947200}$	$\frac{1}{3564593049600}$
$\frac{1}{19}$	$\frac{1}{361}$	$\frac{1}{6859}$	$\frac{1}{130321}$	$\frac{1}{2466859}$	$\frac{1}{47000011}$	$\frac{1}{893020211}$	$\frac{1}{16967384001}$	$\frac{1}{322280296021}$	$\frac{1}{6123325624401}$
$\frac{1}{20}$	$\frac{1}{400}$	$\frac{1}{8000}$	$\frac{1}{160000}$	$\frac{1}{3200000}$	$\frac{1}{64000000}$	$\frac{1}{1280000000}$	$\frac{1}{25600000000}$	$\frac{1}{512000000000}$	$\frac{1}{10240000000000}$

0.00	0.05	0.10
0.15	0.20	0.25
0.30	0.35	0.40
0.45	0.50	0.55
0.60	0.65	0.70
0.75	0.80	0.85
0.90	0.95	1.00
1.05	1.10	1.15
1.20	1.25	1.30
1.35	1.40	1.45
1.50	1.55	1.60
1.65	1.70	1.75
1.80	1.85	1.90
1.95	2.00	2.05
2.10	2.15	2.20
2.25	2.30	2.35
2.40	2.45	2.50
2.55	2.60	2.65
2.70	2.75	2.80
2.85	2.90	2.95
3.00	3.05	3.10
3.15	3.20	3.25
3.30	3.35	3.40
3.45	3.50	3.55
3.60	3.65	3.70
3.75	3.80	3.85
3.90	3.95	4.00
4.05	4.10	4.15
4.20	4.25	4.30
4.35	4.40	4.45
4.50	4.55	4.60
4.65	4.70	4.75
4.80	4.85	4.90
4.95	5.00	5.05
5.10	5.15	5.20
5.25	5.30	5.35
5.40	5.45	5.50
5.55	5.60	5.65
5.70	5.75	5.80
5.85	5.90	5.95
6.00	6.05	6.10
6.15	6.20	6.25
6.30	6.35	6.40
6.45	6.50	6.55
6.60	6.65	6.70
6.75	6.80	6.85
6.90	6.95	7.00
7.05	7.10	7.15
7.20	7.25	7.30
7.35	7.40	7.45
7.50	7.55	7.60
7.65	7.70	7.75
7.80	7.85	7.90
7.95	8.00	8.05
8.10	8.15	8.20
8.25	8.30	8.35
8.40	8.45	8.50
8.55	8.60	8.65
8.70	8.75	8.80
8.85	8.90	8.95
9.00	9.05	9.10
9.15	9.20	9.25
9.30	9.35	9.40
9.45	9.50	9.55
9.60	9.65	9.70
9.75	9.80	9.85
9.90	9.95	10.00

and/or rights issue;
premium;
tax
or reduced earnings
not updated by latest
not now ranking for
dividend.
may also rank for
yield provided.
Yield based on
paid until maturity
of on prospectus or
rate paid or payable
and on full capital,
dividend and yield,
base. 1 Payment from
ten previous dates,
arbitrary figures, 1
present, 1 indicated
P/E ratio based on
estimated annualized
earnings, 5 Subject
100 times, 1 Dividend
and yield include a
capital payment. A Not
accepted or deferred. C
Estimated and yield based
on 1990-91. 11 Assumed
and/or rights issue. 11
See official estimates

[illegible]

_____	23
_____	24
_____	48
_____	19
_____	48
Property:	
_____	30
_____	48
_____	48
_____	8 1/2
Oils	
_____	3
_____	20
_____	49
_____	10
_____	1
_____	6
_____	41
_____	2
_____	30
Minerals	
_____	21
_____	48

Stamp: use regularly
150¢ a year for each
in discretion.

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2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408</
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1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

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Continued on next page

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak. To obtain your free Unit Trust Code Booklet ring (071) 925-2126.

Global Leisure Fund	5,557.57	58.04	61.72	+0.11
Global Technology Fund	5,629.06	29.06	30.89	+0.2

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MANAGED FUNDS NOTES

Funds are in percent unless otherwise indicated and these percentages are with profits before U.S. dollars. Yields % allow for all loading expenses. Prices of certain other investments are shown without regard to certain sales tax on bonds. Distribution from the Fund is paid quarterly. Insurance policies, a Simple premium insurance, is designated in Luxembourg as a UCITS Undertakings for Collective Investment in Transferable Securities, a different price is included in all expenses of the fund. The price is previous day's price. In Germany prices, if Secondary, % Yields before taxes are % Ex-emption, if only monthly, % Yields before taxes. The fund system shows annualized yield of NAV increase.

(*) Funds not SIB recognized. The regulatory authorities for these funds are: Germany: Financial Services Commission; Ireland: Central Bank of Ireland; Jersey: Jersey Financial Services Commission; Luxembourg: Luxembourg Institute of Finance.

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKET FUNDS

Money Market Trust Funds

Trust Fund	Assets	Net Assets	Units	Price
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
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Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00

Money Market Bank Accounts

Bank Account	Assets	Net Assets	Units	Price
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
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FOREIGN EXCHANGES

D-Mark firm against dollar

A SMALLER than expected US trade deficit did not help a weak dollar yesterday. Dealers said that the May deficit of \$4.7bn, against forecasts of around \$5bn, reflected the weak state of domestic demand in the US even though the trade gap increased from a revised \$4.5bn in April.

Exports remained high at \$35.3bn in May, slightly below April's record figure of \$35.6bn, while the decline in imports to \$39.8bn from \$40.1bn reflected the impact of the recession on demand.

The US Commerce Department concluded that the trade deficit rose partly because oil imports increased to \$4.6bn from \$3.9bn.

New applications for US unemployment benefits rose by 7,000 to 355,000 in the week to July 6, but analysts said this was a technical development and did not change the picture of a slowly improving labour market.

In general yesterday's data do not appear to increase pressure on the US Federal Reserve to ease its monetary stance, but the dollar was already weak before the figures were announced, on speculation about lower US interest rates.

Mr Nicholas Brady, US Treasury Secretary, said there was a real chance of further rate cuts by the Federal Reserve.

Commercial rates set by the European Central Bank are in descending relative strength. Percentage changes are for the 12-month period ending June 30, 1991.

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and that this would be welcomed by the administration. Dealers reported stop loss selling of the dollar, amid suggestions that a large French corporate trader sold a very large amount during the morning.

The US currency fell through several technical support points to a low of DM1.7650, before closing at DM1.7710 in London, compared with DM1.7880 previously. The dollar also declined to SF1.5350 from SF1.5535 and to FF6.0100 from FF6.0725, but was little changed against the Japanese yen, rising to Y136.80 from Y136.75. On Bank of England figures the dollar's index fell to 67.2 from 67.5.

The dollar's decline was mainly against members of the European exchange rate mechanism and other currencies, closely tied to the D-Mark, such as the Swiss franc. This mainly reflected expectations

that German interest rates will be increased later this year, following a warning about inflation in the Bundesbank's monthly report.

Sterling lost a little ground against the D-Mark but was generally firm, gaining 1/4 cent to \$1.6675 and rising to third from fourth strongest in the European exchange rate mechanism. A batch of UK economic data on employment trends and money supply growth had little impact.

The pound fell to DM2.9625 from DM2.9575, to FF10.0225 from FF10.0350, and to SF2.5600 from SF2.5675, but rose to Y226.00 from Y225.00. Sterling's index gained 0.2 to 90.7.

The Bank of England was reported to have intervened several times to support the Canadian dollar in London, after the currency weakened sharply on political nervousness.

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FINANCIAL FUTURES AND OPTIONS

LIFE LONG FUTURES AND OPTIONS

Life Long Futures and Options	Assets	Net Assets	Units	Price
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00

LIFE LONG FUTURES AND OPTIONS

Life Long Futures and Options	Assets	Net Assets	Units	Price
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00
Co-operative Bank	100.00	100.00	1.00	1.00

LIFE LONG FUTURES AND OPTIONS

Life Long Futures and Options	Assets	Net Assets	Units
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CANADA

TORONTO					MONTREAL						
Index	Stock	High	Low	Close	Chg	Index	Stock	High	Low	Close	Chg
3:00 pm prices July 18						3:00 pm prices July 18					
Quotations in cents unless marked S						Quotations in cents unless marked S					
8000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	11400 RyTruck	\$10.10	10.10	10.10	10.10	-1/8
114000 Agri-C	\$17.15	17.15	17.15	17.15	-1/8	2800 Saurat A	\$14.14	14.14	14.14	14.14	-1/8
114000 Agri-C	\$17.15	17.15	17.15	17.15	-1/8	4200 Saurat B	\$15.15	15.15	15.15	15.15	-1/8
22000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat C	\$13.13	13.13	13.13	13.13	-1/8
11500 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat D	\$13.13	13.13	13.13	13.13	-1/8
22000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat E	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat F	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat G	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat H	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat I	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat J	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat K	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat L	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat M	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat N	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat O	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat P	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat Q	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat R	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat S	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat T	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat U	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat V	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat W	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat X	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat Y	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat Z	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15	15.15	-1/8	1000 Saurat AA	\$13.13	13.13	13.13	13.13	-1/8
21000 Alcan P	\$15.15	15.15	15.15								

63

Continued on next page

10

NASDAQ NATIONAL MARKET

3:15 pm prices July 18

Stock	Pr	Stk	High	Low	Last	Chng	Stock	Pr	Stk	High	Low	Last	Chng	Stock	Pr	Stk	High	Low	Last	Chng
ACC Corp.	0.20	24	582	565	565	10	10	12	94	94	94	94	94	1008 A	0.20	11	12	94	94	94
AMP Corp.	0.15	20	272	272	272	0	0	0	0	0	0	0	0	1008 B	0.15	10	12	94	94	94
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 C	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 D	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 E	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 F	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 G	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 H	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 I	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 J	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 K	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 L	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 M	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 N	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 O	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 P	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 Q	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 R	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 S	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 T	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 U	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 V	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 W	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 X	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0	0	0	0	0	1008 Y	0.10	10	10	10	10	10
Amalgamated	0.10	10	10	10	10	0	0	0	0</											

3:00 pm prices July 18

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212 752 4500 Fax 212 319 0704

1. *Journal of the American Medical Association*, 1997; 278: 1039-1044.

FINANCIAL TIMES

AMERICA

Stream of good interim results gives Dow a lift

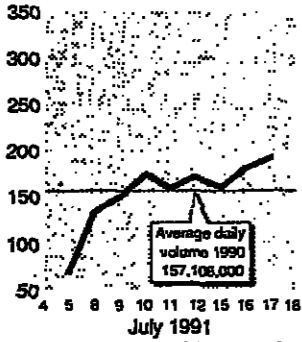
Wall Street

After three days of little movement, shares rose yesterday morning as a stream of encouraging second-quarter earnings reports attracted buyers back into the market, writes Patrick Harverson in New York.

By 1 pm, the Dow Jones Industrial Average was up 24.15 at 3,002.91. The more broadly based Standard & Poor's 500 was equally firm, up 2.84 at 384.02, while the Nasdaq composite of over-the-counter stocks gained 2.24 to 495.66.

NYSE volume

Daily (million)



Turnover on the New York SE was a heavy 122m shares by 1 pm.

The market had approached the second-quarter reporting season with some apprehension. Yet many of the nastier surprises had been flagged in advance, and a sprinkling of better-than-expected results from a broad section of companies over the past two weeks persuaded investors to buy selected stocks.

One of the day's best results came from AT&T, which rose \$1 to \$39.40 on volume of 2.5m shares. The telecommunications giant reported second-quarter profits of 78 cents a share, up from 60 cents a share a year ago, and forecast continued strong earnings during the second half of the year.

NCR, the computer group which was acquired earlier this year by AT&T, rose \$1 to

\$108 in sympathy. Energy stocks were boosted by rising oil prices. Texaco put on \$4 to \$68.4, British Petroleum gained \$4 to \$71.4, Occidental Petroleum jumped \$3 to \$124.4, and Royal Dutch Petroleum added \$1 to \$81.4. BankAmerica rose \$4 to \$37 after producing a solid set of quarterly earnings. Two other California banks were also higher in spite of announcing disappointing profits earlier in the week: Security Pacific rose \$4 to \$23.4 and Wells Fargo rose \$1 to \$73.4.

A glowing recommendation from Kidder Peabody in the wake of healthy quarterly profits lifted Blockbuster \$4 to \$104 on 3.8m shares. Among over-the-counter issues Apple, which reported poor second quarter earnings, rose \$2 to \$44.4 on volume of 2.5m shares as bargain buyers mopped up after the stock's recent decline. Other high technology stocks were also higher, with Microsoft up \$1 to \$69, Intel \$1 to \$45.4 and Sun Microsystems \$1 better at \$29.4. Healthsource plummeted \$4 to \$19.4 after the company forecast second-quarter profits of between 34 cents a share and 39 cents a share, which would put earnings well below analysts' forecasts.

Canada

MODERATE trading left Toronto stocks slightly higher by midday yesterday. The composite index gained 15.47 to 3,557.30 on volume of 12.6m shares. A broad section of companies over the past two weeks persuaded investors to buy selected stocks.

The transportation index led the way, rising 87.57 to 6,017.96. Gold and silver also rose, with the sectoral index up 30.02 at 5,548.88, and oil and gas added 26.78 to 3,759.

Among the most active shares, Canadian Pacific gained 38¢ to \$39.00 on more than 640,000 shares changed hands. Analysts said they expected the company to squeeze out a small profit in the second quarter.

EUROPE

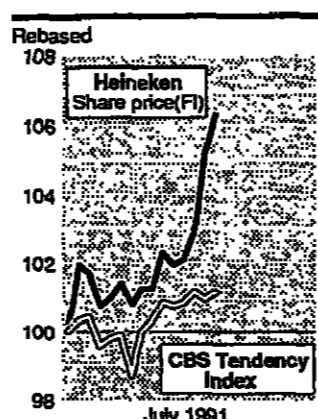
Takeover speculation adds more froth to Heineken

BOURSES focused on domestic matters yesterday, writes Our Markets Staff.

AMSTERDAM focused on Heineken which added F1.80 to F166.90 on takeover speculation. The CBS tendency index finished 0.2 up at 93.9, in spite of a weaker dollar, in volume of F1489m.

Analysts were sceptical about stories that the Heineken family would sell its controlling interest in the brewing group and added that even if this happened the bidder would not be obliged to buy the outstanding minority. Heineken was on several brokers' sell lists, as a result of losing its leadership in Spain due to the cooperation between Guinness and Carlsberg, and losses at its Spanish subsidiary, El Aguilá.

The dredging sector came in for some profit-taking. Boskalis fell 50 cents to F123 while HBG eased F16.20 to F133.2. FRANKFURT measured its inflation worries by a rise in the average bond yield from 8.77 to 8.80 per cent, its highest since August 1 last year. Equities drifted lower, the DAX index closing 7.18 down at



Source: Reuters

1.613.33 after a 2.49 fall to 677.96 in the FAZ at mid-session. Volume eased from DM4.3bn to DM4.2bn.

Sentiment was also affected by news that the Frankfurt chief prosecutor had expanded his investigation linking insider trading and tax evasion in Frankfurt to at least 25 people from only four a month ago.

AMB, the insurance holding company, rose DM25 to DM906, up DM40 in the last three days compared to a DM70 fall in

FT-SE Eurotrack 100 - Jul 18									
Hourly changes									
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close		
1105.36	1104.21	1104.68	1104.77	1104.84	1105.50	1106.38	1106.24		
Day's High 1107.07				Day's Low 1102.32					
Jul 17	1104.80	Jul 18	1110.41	Jul 15	1111.59	Jul 12	1107.36	Jul 11	1109.88

Base value 1000 (par value)

Allianz to DM2.150. Mr Walter Heilmann at Merck Finck in Munich said that reports that the French group AGF wanted to increase its AMB holding had fanned speculation of a hostile bid.

Hochtief, the construction group, fell DM46 to DM134.2 in turnover up from DM6m to DM16.8m though there were no specific reasons. In engineering, KHD fell DM6 to DM174.

Mr Michael Geiger of County NatWest said this week's annual meeting was not encouraging, and there was no sign that the company would resume dividend payments, after an absence since 1986.

MADRID fell sharply after an increase in Treasury bill yields. The general index lost 3.82 or 1 per cent to 268.11.

Fears that interest rate cuts were not imminent were confirmed by Mr Carlos Solchaga, the finance minister. He said that the interest rate policy would remain tight following the collapse of wage talks with trade unions.

MILAN recovered after Wednesday's lower start to the new account, which had been depressed by one-third of the stocks going ex dividend. The Comit index added 6.91 to 558.02 in volume estimated at near Wednesday's limit.

Dealers said the Comit had chart support around 550 but that this would not hold if the market's lethargy continued. They complained that the government's piecemeal privatisation did little to inspire confidence since the lack of logical

progression was taken as a sign that the government was under pressure.

The lack of buying interest contributed to the uninspiring debut of Elag Bailey, the state-controlled electronics company. The stock officially closed at L4,520 which, together with its warrant at L84, was L16 below the offer price of L4,620.

PARIS recouped an early loss to close little changed. The CAC 40 index ended 0.57 down at 1,757.54, after a day's low of 1,746.72. In turnover of FF71.7m after FF71.9m.

Axa Mtd, the insurer, was suspended until today, for the announcement that it was investing \$1bn in Equitable Life of the US. Axa said its stake would be between 40 and 49 per cent when Equitable was transformed from a mutual life insurance group to a publicly held company.

RNP dropped FF4.50 to FF268.50 on reports that it would take a stake of about 10 per cent in Air France.

Rif Aquitaine recovered FF9.90 or 2.9 per cent to FF349.90 on heavy volume of 376,000 shares. BP France,

which lost FF6.90 on Wednesday, regained FF5 or 45 per cent to FF115.

STOCKHOLM had the debut of incentive shares, which holds Asea's operations outside ABB Asea Brown Boveri. Incentive free B-shares fell back from a day's high of SKr200 to SKr185 as doubts over American ownership prompted international selling. Analysts had valued incentive shares at around SKr200. The ABRSvården General index fell 3.3 to 1,137.2 in turnover of SKr410m after SKr212m.

ZURICH reported buying interest in banking and insurance as the Credit Suisse index firmed rose 2.1 to 546.4 on news that the Swiss Federal Finance Ministry is mulling new proposals to eliminate stamp duty on securities transactions.

Winterthur put on SFr110 to SFr3,750. Union Bank rose SFr40 to SFr3,670 while CS Holding, parent of Credit Suisse, rose SFr35 to SFr1,985.

OSLO's all-share index edged 1.33 lower to 500.79 on turnover down from NOK20m to NOK16m. Aker dropped NOK1.5 to NOK8 on concern over its cement division.

ASIA PACIFIC

Rumour mill drops Nikkei below 23,000 support level

Tokyo

NEGATIVE rumours hurt share prices yesterday morning, but a late bout of arbitrage-related buying helped the Nikkei average to recoup part of its losses, writes Emiko Terazono in Tokyo.

The Nikkei fell below the 23,000 support level for the first time in five trading days, closing 151.99 down at 22,903.71. It had opened at the day's high of 23,045.10 and hit a low of 22,659.89 in the afternoon.

Volume remained thin at 230m shares, up from 220m. Losses outnumbered gains by 712 to 211, with 179 issues unchanged. The Toxip index of all first-section stocks fell 8.95 to 1,795.37, and in London trading the 135/Nikkei 50 index declined 1.32 to 1,387.47.

Reports that the finance ministry had started investigations into the Big Four brokerages - Nomura, Daiwa, Nikko and Yamaichi - prompted a

fall in futures, dragging down cash prices. Rumours that tax authorities might start investigating second-tier securities companies depressed sentiment further.

Traders said that the market was jittery. "There's nothing positive to balance the bad news," said Ms Caroline Stone at Barclays de Zoete Wedd.

Speculative issues fell on the prospect of stricter margin rules. Kitano Construction fell Y80 to Y1,220 and Aikai Electric fell Y50 to Y1,210.

Ishikawajima-Harima Heavy Industries closed unchanged at Y613 after hitting a year's low of Y600. Concerns over its deposits with BCCI have recently depressed the stock.

On the positive front, Nippon Ceramic, a ceramic-based sensor maker, fell Y10 to Y6,780 after rising on small lot buying. Investors looking for quick profits had been encouraged by the company's forecast of a 60 per cent rise in earnings following brisk sales of its anti-

theft, infra-red sensors.

Mabuchi Motors, a motor maker, rose Y120 to Y6,570 after recommendations by leading Japanese brokers, optimistic about its export prospects in south-east Asia.

In Osaka, the OSE average fell 269.90 to 25,856.90 on volume of 14.2m shares, down from 18.3m. Nippon Shinyaku, a small pharmaceutical company, rose Y20 to Y1,220.

Roundup

AFTER EARLIER excitement this week in Hong Kong and Thailand, it was left to South Korea and New Zealand to make the running yesterday.

SEOUL came back from a day's holiday and trade reached Won418.3bn, three times the June average, as the composite stock index rebounded 15.13, or 2.3 per cent, to 651.27. The index has risen 42.44, or 6 per cent, since July 4.

Financial shares led yesterday's gains, followed by manu-

facturing blue chips. The South Korean government said later that it would maintain some limits on foreign investment when the local capital market is opened to direct foreign investment early next year.

NEW ZEALAND stayed open for 18 hours on the first day of trading in NZ Telecom, which dominated dealings. The session began at 1 am, to tie in with the opening of trading in Telecom in New York, where the stock is also listed.

The NZSE-40 index shed 4.61 to 1,481.11. Telecom will be included in the index from today. Yesterday Telecom closed at NZ\$2.35, compared with an issue price of NZ\$2. It accounted for NZ\$187m of the total record turnover of NZ\$189m, up from NZ\$14m.

HONG KONG rebounded after Wednesday's bullish auction results and on the local banking system's stability in spite of rumoured bank runs on Tuesday. The Hang

Seng index rose 14.37 to 3,976.83, while turnover fell from HK\$2.6bn to HK\$1.8bn. There were rumours that the Hongkong Bank would sell a 10 per cent stake in its Hang Seng Bank subsidiary to Citic, Beijing's overseas investment arm. Hang Seng Bank rose 60 cents to HK\$31.50 and HSBC Holdings, the holding company for Hongkong Bank, gained 20 cents to HK\$37.50.

BANGKOK recouped early losses to close flat, after the previous day's sharp fall. The SET index ended 1.91 down at 652.54 on thin turnover of Bt1.98bn. Tamayong, the large-capital property company, plunged by the 10 per cent limit, falling Bt36 to Bt336. It goes ex rights on Tuesday.

MANILA closed lower on worries about the national strike. A new treaty on the US military bases had lifted the market earlier in the day. The composite index finished 5.11 higher at 983.50 as turnover grew to 129m pesos from 78m.

SINGAPORE's blue chips lost ground as the Straits Times Industrial Index edged 7.84 lower at 1,447.35. Turnover rose from S\$89.8m to S\$76.5m on a report that development costs of NatSteel's Raffles Marina project had increased to S\$100m from an initial estimate of S\$83m. Shares dropped 23 cents to S\$4.82.

KUALA LUMPUR produced a modest rebound as bargain hunters picked out shares hit in the recent slide. The KLSSE composite index rose 3.12 to 589.54 while industrials climbed 14.89 to 1,116.90.

SOUTH AFRICA

JOHANNESBURG closed at a record high. The all-share index rose through its July 10 peak of 3,596 to 3,517, up 39, and the industrial index returned to its July 10 record of 4,036, up 24. The all-gold index closed at 1,423, up 45.

German turnover rise lags behind rally

William Cochrane reviews European trading activity in June

MORE OFTEN than not it takes time for a rise in share prices to be reflected in institutional equity market activity, domestic or foreign-inspired.

This seems to have been the case with Germany over the past two months. Frankfurt's blue-chip DAX index was strong in the second half of May and in the first two weeks of June, after influential voices called it the cheapest senior bourse in Europe.

Daily turnover on all German equity markets peaked at DM11.4bn on May 22, as share prices ran up, but the aggregate of the trading figures for the month was affected by the incidence of public holidays, general nervousness early in May, and the impending resignation of the Bundesbank president, Mr Karl Otto Pöhl.

It was June before Germany saw consistently high levels of trading. Active foreign buying helped take the June total up by 18 per cent from the May level, and clear of a four-month plateau around DM12.0bn.

However, it bears saying that things changed again in

EUROPEAN EQUITIES TURNOVER

Monthly total in local currencies (bn)

Bourse	Mar 1991	Apr 1991	May 1991	Jun 1991	US \$bn
Belgium	45.48	45.48	36.22	40.69	1.09
France	110.40	110.00	88.95	115.82	18.94
Germany	122.90	126.80	120.90	142.40	78.46
Italy	15,060.00	12,316.00	13,692.00	14,744.00	10.93
Netherlands	15.50	14.20	12.50	10.41	5.10
Spain	808.80	651.51	716.00	638.12	5.67
Switzerland	13.88	14.60	12.30	12.50	8.02
UK	36.76	31.61	26.36	26.70	43.27

Volume represents purchases and sales. Dollar data adjusted to include off-market trading. Some figures may be revised. Source: County NatWest Wood.

mid-June, as German share prices prepared to follow the rest of Europe down. An average daily turnover of DM6bn in the final fortnight replaced the DM8bn a day enjoyed earlier in the month.

Mr James Cornish of County NatWest, which compiles the figures, notes that June's figure was the highest since last August. However, he adds that it falls far short of an DM200bn average for the first quarter of 1990 and that July is beginning to see daily figures far lower than either.

For most European stock markets, June was a depressing month at the end of an unimpressive second quarter. In that context it is interesting that France recorded the highest turnover since May 1990.

In a nutshell, Mr Cornish says, trading activity peaked at the end of the quarter on a falling market. The CAC 40 index slid from a 1991 high of 1,574.21 on June 11 to 1,477.82 by the end of the month. This activity at the end of the quarter, he notes, applied also in March and last Decem-

ber, and there is a suspicion that window-dressing by investment funds had something to do with the phenomenon.

Italy had its moments, rising for the second consecutive month. This incorporated a stockbrokers' strike on June 10, a flurry of trading in mid-month as one account closed and another opened, and a sharp sell-off on and after June 20, followed by a slump in activity after news emerged that the government planned to force companies to revalue their assets for tax purposes.

The Netherlands, Spain and the UK all registered declines. The UK performance was particularly disappointing as a lift was expected after the Scottish Power issue and the purchase by LVMH of France of a Guinness stake.

Dutch equities had an excellent first quarter, volume more than doubling from December to March. However, the attractions of a rising dollar were replaced by worries about weakness in the D-Mark and its implications for Dutch interest rates.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS									
WEDNESDAY JULY 17 1991									
Figures in parentheses show number of times of stock	US Dollar Index	Change %	Pound Sterling Index	Yen Index	Dollar Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index
Australia (68)	144.85	+0.0	129.96	125.21	134.73	124.14	+0.0	5.18	144.79
Austria (20)	177.54	-0.5	168.25	165.48	165.38	165.38	-0.8	5.17	144.79
Belgium (46)	126.22	+0.0	113.25	109.10	117.40	114.55	-0.5	5.16	144.79
Canada (115)	140.53	+0.4	126.08	121.47	130.70	116.67	+0.4	3.33	139.97
Denmark (37)	248.48	+0.0	223.83	215.88	232.04	224.97	-0.3	1.50	249.59
Finland (16)	94.25	+0.3	84.54	81.28	87.75	85.49	+0.3	2.89	94.08
France (113)	128.77	+0.0	113.73	109.57	117.50	120.75	+0.1	5.70	128.01
Germany (65)	105.24	-0.5	94.42	90.99	97.88	97.88	-1.0	2.28	105.72
Hong Kong (52)	165.58	-1.1	148.58	143.13	154.01	155.12	-1.0	4.19	167.41
Ireland (18)	143.81	-0.5	124.32	124.76	135.08	135.08	-0.6	1.77	144.32
Japan (474)	69.89	-1.7	62.70	60.41	65.00	66.60	-2.1	3.36	71.09
Malaysia (68)	128.25	-0.8	115.34	111.12	119.58	111.12	-1.1	0.76	129.59
Mexico (18)	221.34	-1.5	198.38	191.32	205.86	207.32	-1.6	2.78	224.99
Norway (32)	124.85	-1.2	100.19	97.24	104.22	103.62	-2.2	1.46	119.61
Sweden (55)	134.73	+0.5	120.92	116.51	126.36	126.96	-0.1	4.32	134.10
Switzerland (58)	48.66	+0.8	43.85	42.05	45.28	45.88	+0.3	7.88	48.28
Taiwan (13)	191.54	-0.5	171.85	165.58	178.18	181.40	-1.0	1.82	192.77
Thailand (32)	164.97	-0.5	171.22	164.97	171.22	164.97	-0.5	1.46	171.22
United Kingdom (240)	185.55	+0.8	161.22	155.68	167.75	167.75	+0.1	2.19	180.62
USA (520)	154.34	-0.1	138.47	133.42	143.58	143.54	-0.1	3.15	154.45
Europe (337)	133.17	+0.2	119.47	115.11	123.86	122.17	-0.2	3.91	132.08
Norice (111)	184.30	-0.3	165.33	163.31	170.41	168.38	-0.8	1.95	184.91
Pacific Basin (717)	129.63	-0.8	116.57	112.32	120.85	112.80	-1.0	1.11	130.95

which lost 100,000 jobs in 1989, regained 175,000 in 1990. The unemployment rate fell to 10.1% from 10.5% in 1989. The recovery was led by the services sector, which added 125,000 jobs. Manufacturing added 25,000 jobs, while construction added 10,000. The public sector lost 10,000 jobs. The unemployment rate for men was 10.2% and for women 9.8%.

SINGAPORE'S economy lost ground as the 1990-91 fiscal year ended. The gross regional product fell 0.1% to S\$10.1 billion. The services sector added 12,000 jobs, while manufacturing added 1,000. The public sector lost 1,000 jobs. The unemployment rate for men was 10.2% and for women 9.8%.

JOHANNESBURG has seen a recovery in the 1990-91 fiscal year. The gross regional product rose 1.5% to R10.1 billion. The services sector added 12,000 jobs, while manufacturing added 1,000. The public sector lost 1,000 jobs. The unemployment rate for men was 10.2% and for women 9.8%.

RECRUITMENT

JOBS: 10-year low in demand for executives still leaves room for hope of early recovery

BEFORE steeling itself to write what follows the Jobs column dusted off its ancient gramophone and played two 78 rpm jazz records. The first, Bessie Smith's *Down in the dumps*, was Louis Armstrong's *On the sunny side of the street*.

Now's not the time for singing the Blues

The worst first half of a year the consultancy has recorded in the 32 years it has been keeping its tally. Moreover the plunge that has brought the market to its most recent quarterly low-point of 4,235 jobs, has been continuing since October 1988.

The case for singing the blues is reinforced by the upper part of the table, which gives the 12-monthly counts to June 30 for eight broad types of executive work. Every one of them shows a double-digit percentage drop from its 1989-90 tally, and general management

alone has got away with a fall of less than 20 per cent. The total, a third down on the previous 12 months, is not much more than half the overall figure for 1987-88. So how about the outlook?

Well, MSL's market-watcher Andrew Russell says that, with the perennially demand-thinning summer-holiday and Christmas periods to come, "I can't see how the market can avoid plummeting to depths it has never reached before."

Which effectively means he's expecting Prime Minister John Major's first calendar year in office to end with a quarterly tally under 4,000 - something not achieved in his predecessor's toughest times.

categories in combination have produced gains of 204 per 1,000.

When it is remembered that the dumps of 1980-81 swiftly gave way, to recovery, there are surely some hopeful signs in the comparison. For one thing, the drop in sales and marketing has been outweighed by higher recruitment in production.

A more enigmatic development, however, is that the greatest increase between the two years is in the "others" category which lumps together specialists such as buyers, economists, company legal staff and assorted consultants. Andrew Russell has not yet had time to work out which sorts of same are most sought-after.

Even so, some of the increase no doubt lies in growing demand for so-called European liaison officers, especially by Britain's public-sector. Their prime task, I'm told, is to sift through the constant documentary outpourings from Brussels, locating pockets of European Community money that come up for grabs through its social or regional development funds or whatever.

While that is hardly an ideal way to relate to our Continental partners, at least it's expedient. After all, if you can't beat them, why not milk 'em?

Michael Dixon

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF (12 months to June 30)									
Type of work	1989-90 Posts adver- tised	Change from 88-89 %	1988-89 Posts adver- tised	Change from 87-88 %	1987-88 Posts adver- tised	Change from 86-87 %	1986-87 Posts adver- tised	Change from 85-86 %	1985-86 Posts adver- tised
Research & devlpmt	2,429	-38.9	3,973	-14.9	4,617	+14.6	4,028	-26.2	5,411
Sales & marketing	2,436	-21.4	3,101	-34.1	4,706	-26.5	6,402	+3.8	6,185
Production	3,644	-37.0	5,781	-11.6	6,537	-9.4	7,216	-46.9	4,913
Accounting	3,792	-40.4	6,295	-14.7	7,377	-7.1	7,942	+14.2	6,854
Computing	1,408	-48.8	2,805	-36.1	4,393	+2.9	4,270	+21.3	3,519
General management	1,115	-14.6	1,305	-10.4	1,457	-16.5	1,744	+22.2	1,427
Personnel	538	-41.8	925	-24.1	1,218	+14.5	1,064	+2.1	1,042
Others	4,894	-25.7	6,538	-21.6	8,472	+22.2	6,932	+13.3	6,116
Total	20,256	-33.6	30,523	-20.7	38,477	-2.2	38,338	+18.2	33,277
July-Sept	6,131	-22.0	7,858	-15.8	9,238	+12.9	8,274	+8.0	7,884
Oct-Dec	6,318	-19.8	7,827	-26.8	10,916	-2.2	9,248	+17.8	7,850
Jan-March	4,572	-45.8	8,397	-23.1	10,915	-2.7	11,223	+22.4	9,166
April-June	4,235	-44.6	7,641	-16.7	8,176	-13.4	10,583	+23.2	8,597

BANKING FINANCE & GENERAL

CHIEF EXECUTIVE

NEW ZEALAND TOURISM BOARD WELLINGTON, NEW ZEALAND

Tourism is vital to the New Zealand economy and a well organised and highly competitive tourism industry offers the potential for major growth and significant additional economic benefits for the country as a whole.

The aim of the New Zealand Tourism Board, now being established, is to increase inbound tourism by capitalising on the natural advantages New Zealand has to offer. The Board, which will replace the former New Zealand Tourism Department, is a private sector-led and will bring private sector dynamism to the task. Its first priority is to recruit an outstanding individual to assume the role of Chief Executive.

The Chief Executive will be responsible to the Board for the total management of the organisation, and for developing and implementing strategies in collaboration with the tourism industry to promote New Zealand as a travel destination. The position will be based in Wellington, New Zealand.

Candidates must have:

- Demonstrated leadership and organisational development skills
- High level experience in strategic and marketing planning and implementation, with an international focus
- Well developed commercial skills and highly developed representational and communication skills

The remuneration package will reflect the critical importance of this appointment and an appropriate contract will be negotiated.

Expressions of interest and applications should be directed to the consultants retained to assist the Board no later than 31 July 1991. Telephone enquiries are welcome to Alastair Hishop on (64-9) 773 013 in business hours or (64-9) 520 7191 after hours.



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PO Box 2973, Auckland, New Zealand.
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For further details please contact
Julie Byfield or Deborah Moylan on
(071) 583 0073 (day) or (081) 579 5376
(evenings and weekends) or send your cv
in complete confidence to
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- management and review of insurance policies on a worldwide basis;

- involvement in the management of its captive insurance company;
- provision of technical and specialist advice to senior management.

Overseas travel will be required from time to time.

Probably aged 35-45 and ACII qualified, applicants should have extensive experience of the insurance markets, ideally with particular knowledge of operational risk management from the corporate viewpoint. Sound judgement, commercial and financial acumen, well-developed negotiating skills and good, all-round managerial abilities are essential. A background in financial services is desirable, though not a prerequisite.

In addition to an excellent base salary, the attractive remuneration package will include a high quality car, non-contributory pension scheme, private health care and subsidised mortgage.

Interested applicants should send a detailed CV to
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MANAGEMENT SELECTION

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Send full career and salary details to:

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Personnel Manager
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Bucklersbury House
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If you are interested, please write enclosing CV to:

M J Yardley FIA Investment Manager
The Royal London
Mercury House Triton Court
14 Finsbury Square London EC2A 1DP



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Johnson & Higgins invites applications for the position of Senior Consultant in their newly created Global Risk Management unit.

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The duties will include:

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Applicants must have an absolute minimum of five years relevant experience in the insurance industry preferably having spent a significant period of time working in a similar position and be the holder of an ACII, CPCU or other appropriate insurance qualification.

The successful applicant will have a highly professional career approach and will be experienced in dealing with senior executives of major corporations.

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For a confidential discussion, telephone or write to:
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ASA International,
Executive Search & Selection,
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Interviews will be in London and Scotland.

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In addition to the technical skills, however, we will require proven trading experience as a principal risk taker.

Ref: A4060

Equity Derivative Specialist

Similar creative and developmental qualities are required of this post. Mid/late twenties is seen as the likely age group and candidates should have a full appreciation of the relevant instrument relationships as well as trading experience – as a principal risk holder.

Ref: A4070

Currency Options Specialist

Around two years' trading experience, again as a principal, is required. A clear understanding of the intricacies of options derivation is mandatory.

Ref: A4080

These are all superb career opportunities designed to provide professional satisfaction in an organisation committed to expansion, in a country which can offer a very pleasant lifestyle. In each case the salary/benefits package will be tailored to meet the needs of the successful candidate.

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Candidates will be familiar with and have contributed to the research and literature of the theory and practice of the capital markets. Applicants will be expected to undertake innovative teaching on undergraduate, MBA and post-experience courses. Edinburgh has a large number of important investment companies with whom the appointee may interact for research and related purposes. REF: SM 91004.

Interested applicants may telephone Professor Andrew McCosh (031-650 3801).

LECTURER IN INFORMATION MANAGEMENT

This position is in the area of the application of information technology to the information needs of enterprises. The appointee will have a record of research and scholarship in this or a closely related area. Willingness to contribute to teaching at undergraduate, MBA and post-experience levels is expected. Whilst a research record in any industry sector is appropriate, candidates with interests in the financial services sector are particularly sought. REF: SM 91004Z.

Interested applicants may telephone Professor Lynn Thomas (031-650 3798).

LECTURER IN ACCOUNTING

This Lectureship is within the Department of Accounting and Business Method. Applicants will be expected to contribute to both undergraduate and MBA teaching and research in the Department. Excellent research facilities are provided, especially in the areas of auditing, management accounting and the public sector. REF: SM 910043.

Interested applicants may telephone Professor David Hetherly (031-650 3789).

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Interested applicants may telephone Professor Andrew McCosh (031-650 3801).

Method of Applications
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July 1991

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ACCOUNTANCY COLUMN

Reconciling regulation and representation

By Ian McNeil

IN his article "The Institute prepares to flex its muscles" published in this column on July 4, David Waller paints a vivid picture of a professional body ostracised by the big firms, enmeshed by a rambling, complex committee structure and accused by its members of being simultaneously ineffective and too effective as regulating auditors. I am not sure what schizophrenia Mr Waller is describing but it is certainly not the Institute of Chartered Accountants in England and Wales.

The big firms remain heavily involved in the institute's affairs, at Council and Committee level, as well as providing many of the office holders in the recent past. A senior partner of one of the "Big Six" firms is, for example, chairing the current review of its relationship with firms. And there is considerable representation of the big firms both on the Audit Regulation Policy Co-ordinating Committee and the Audit Registration Committee. Indeed, at the time of their appointments, the chairmen of both committees were "Big Six" partners. The institute continues to have extensive contact with all the senior partners of the big firms, both individually and as a group.

Mr Waller claims that, until now, the institute's main purpose has been to represent members. He ignores its role as regulator under both the Insolvency Act and the Financial Services Act.

The institute has been licensing insolvency practitioners for four and a half years. There are 1,000 insolvency practitioners licensed by the institute, around half of all the licensed practitioners. Under the

Financial Services Act, it regulates over 6,000 firms to carry on investment business - in a way which has attracted no external criticism and some praise.

Under the watchful eyes of the DTI and the Securities and Investments Board, the institute is successfully reconciling the supposedly conflicting roles of regulator and professional body. It has meant putting the public interest before a member's or firm's interest. Surely that is the characteristic distinguishing a professional body from a trade association. A professional body has to remain committed to encouraging and maintaining the highest standards in its members in whatever branch of the profession they serve. This means that in the longer term the interests of members and the public are synonymous.

It is far from clear why some critics are so convinced that a professional body cannot be an effective regulator and why structural separatism is a prerequisite for the proper conduct of a regulatory role. The Government, the DTI and the membership, in voting so overwhelmingly in support of the institute undertaking the regulation of auditors, clearly believed that the best agencies to regulate auditors were the professional accountancy bodies. Such an approach accepts that a professional body is likely to have the clearest understanding of the practicalities of auditing and of its members' practices as well as the improvements which might be needed in training, guidance and regulations.

Furthermore, in the majority of firms, audit is one of a range of professional services provided to clients. To divorce audit from the rest of a

firm's activities makes little sense. In assessing a firm's "fit and proper" status, for example, a regulator would have to take into account the whole practice and not merely concentrate on the audit work of the firm.

The criteria for recognition as a supervisory body are spelt out in some detail in schedule 11 of the Companies Act 1989. A Recognised Supervisory Body must have rules, procedures, practices or arrangements in a number of different areas.

Some of the rules to be promulgated by the institute in its capacity as an

only established those committees necessary to ensure consistency, fairness and smooth administration. To a certain extent the new structures built on valuable experience. For example, there are independent lay members involved in both regulatory and disciplinary committees. The Investigation and Disciplinary Committees have long had outsiders serving on them.

Although there is no requirement in the Companies Act to do so, the institute believed that the public interest was best served by specifying in the audit regulations that there should be independent members of the Audit Registration Committee. If a separate body were to take over the regulatory role, it is not clear how the committee structure could be extensively simplified while at the same time meeting all the criteria spelt out in the Companies Act 1989.

It is certainly unlikely that costs would be reduced by setting up a separate organisation. The costs of establishing a completely new regulatory body with adequate resources to satisfy the DTI that it can perform its role effectively, would be considerable. More important, the main cost of audit regulation is incurred in the monitoring of a firm's compliance with regulations - a specific requirement of the Companies Act.

The institute is making use of the existing joint monitoring unit and hopes to keep costs to a minimum by combining, where feasible, visits to monitor firms' audit and investment business activities. The extent of the resources required to monitor 9,000 firms should not be underestimated. Those (few) critics of the new

arrangements from inside the profession are certainly guilty of poor timing. The main thrust of the institute's approach to audit regulation was made public well over a year ago and members of the institute endorsed it by a 98 per cent majority in June last year. Soon, the institute hopes to receive formal recognition as a supervisory body, the culmination of seven years work in response to the 8th Directive which appeared, in final form in 1984.

Any major change of approach, by the institute or government, would take some considerable time to implement. The institute and the other supervisory bodies are all set to take on their new regulatory responsibilities. Instead of throwing everything back into the melting pot, it surely makes sense to stand back and let the new regime get off the ground.

Inevitably the regulators will be subject to considerable scrutiny. The DTI has said it wants to review the results of monitoring firms after 18 months. The institute itself will be keen to assess the effectiveness or otherwise of audit regulation after 18 months or two years. Then it will be possible to reconsider the appropriateness of the institute acting as regulator in the light of experience.

The institute does not underestimate the task before it, but believes that it should be allowed to demonstrate that it can combine the roles of effective regulator and professional body. To rule it out at this stage would be unhelpful, unnecessary, and damaging to the profession.

Mr McNeil is the President of the Institute of Chartered Accountants in England and Wales.

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The position is permanently based in the Midlands, but will require an initial period to be spent in London. Please send full personal and career details, including current remuneration and daytime telephone, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS/845 on both envelope and letter.

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The position is permanently based in the Midlands but will require an initial period to be spent in London. Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS/847 on both envelope and letter.

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Financial Controller

Manchester

NORWEB

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Candidates currently earning less than £40,000 pa are unlikely to have the required experience and knowledge to meet the requirements of this demanding position; the package will include a car and the usual benefits of a company of this size.

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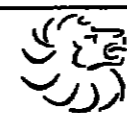
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Our client, a division of a major U.K. bank with overseas subsidiaries and a recent impressive record on profitability and growth, wishes to appoint a high calibre Finance Director who will report to the divisional Chief Executive.

The division is a significant player in the bond and interest rate swap markets, complex hedging transactions, big ticket leasing and other financial operations.

The Finance Director will be a key member of the management team assessing future business prospects, developing the business strategy and playing a central part in the next phase of the division's development. An important initial responsibility will be to review and strengthen financial controls and management information systems in response to balance sheet and profit growth.

Aged late 30s - 50, candidates

must be qualified accountants, with a strong treasury background and well developed critical faculty. Technically sound and with strong management abilities they are likely to have been in a major treasury operation for at least ten years and have the ability to analyse and account for complex financial instruments. They will have the strength and personality to thrive in a robust, successful and dynamic environment, whilst remaining sensitive to the ambitions of individual team members.

If you meet these demanding criteria, please send a comprehensive Curriculum Vitae and a short report specifying evidence of how you meet these requirements by 24 July 1991, to Diane Forrester ACA, Executive Selection Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting reference 702. It is

proposed that selection interviews with the client will take place during the week commencing 29 July 1991.

MP

Michael Page Finance

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Finance and Investment Coordinator

London

to £35,000 + Car

As part of a highly successful international oil company, our client is primarily involved in the marketing and distribution of petroleum products.

They now seek to recruit a Finance and Investment Coordinator to work within an area that provides an independent appraisal service to senior management.

Areas of responsibility will include investment and acquisition appraisal, competitor/market analysis, production of relevant economic summaries and ad hoc projects as well as contributing on a broad front regarding financial matters and training.

Aged late 20s/early 30s the successful candidate will be a commercially minded qualified accountant whose career to date has involved them in the above areas. They will need to possess above average interpersonal skills as there will be a high degree of interface with non-finance personnel both at Head Office and out in the field.

If you feel you have the experience and personal qualities to assume this demanding role, then please write enclosing a comprehensive curriculum vitae, to Hugh Everard, Director, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, or telephone him on 071-831 2000.

MP

Michael Page Finance

Specialists in financial recruitment
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A NEW STATUS FOR FINANCIAL STRATEGY

MANAGER, CENTRAL ACCOUNTING

With a turnover last year of £700 million, projected to grow to £2 billion by the mid-1990's, Mercury Communications are on-course towards becoming the first-choice supplier of products and services to targeted Business and Residential markets. Part of the International Cable and Wireless Group, we are active within a global arena. The sheer scale of this quality based operation has placed increasing demands on our finance function creating the need for a new strata of senior accounts management.

As Manager, Central Accounting, you'll report directly to the Chief Accountant. You'll initially assume responsibility for the Accounts Payable, Payroll and Cashier functions and be the authority for co-ordinating the regional adoption of central accounting and control procedures. Your position within our group structure will also make you a key strategist within finance in terms of the department's 5 year business plan.

Fully qualified, with between 5 and 10 years' post-qualification experience, your generalist background should include an exposure to several large company environments including at least one fast-growing industry sector. You should be comfortable with the operation and control of sophisticated integrated mainframe applications.

The supervision of 65 staff including senior accountants will bring your well-developed organisational, leadership and management skills to the fore.

Your own career development will closely follow the achievement of our on-going profit objectives. As such you will enjoy excellent prospects both throughout Mercury and the Group. Initial remuneration will take the form of a £40K salary, quality car and comprehensive benefits package including family BUPA cover and non-contributory pension.

Confidential applications will be handled by Clare Tan, Personnel Department, Mercury Communications Ltd., Dunedin House, 3-4 Auckland Park, Mount Farm, Bletchley MK1 1BU.



POWERED BY PEOPLE

FINANCIAL CONTROLLER

Ashford

to £45,000 + bonus + car

This is a well-established international firm of consulting engineers which has made energy and environmental engineering one of its prime specialisations. Recent expansion has created the need for a financial controller to join the management team and facilitate its future development plans.

Reporting to the Finance Partner, the first priority will be to complete the computerisation of the accounts department, restructure the team and establish effective controls and systems for the partnership. As the only qualified accountant in the firm, you will be required to bring commercial and financial acumen to all areas of the business and to seek opportunities to improve profitability and efficiency.

Likely candidates will be qualified accountants of graduate calibre, aged between 35 and 50, with broad commercial experience, preferably in an international partnership environment. Exposure to treasury and tax planning issues is desirable although the auditors will continue to advise in specialist areas. Candidates need a mature, authoritative management style which will raise the profile of the accounting function and ensure smooth implementation of the changes.

Interested candidates should send a comprehensive curriculum vitae, quoting reference 3213 to Vivienne Hines, Touche Ross Executive Selection, 1st Floor, Hill House, 1 Little New Street, London EC4A 3TR. Telephone 071 936 3000.

Touche
Ross

MANAGEMENT
CONSULTANTS

Financial Director Designate.

North Birmingham

c£40,000 + car

Our client is a privately owned company engaged in the retail of fast moving consumer goods. Operating in a highly competitive market place they have rapidly developed into a business that is at the forefront of its industry and has a brand name synonymous with quality and customer care. A continued strategy of intensive market penetration will serve to further enhance their reputation and stimulate additional growth in line with the company's objectives.

To help achieve their aims a high calibre individual is sought to assume full financial control. As a key player in a core management team you will also be expected to make a major contribution towards commercial decision making and company strategy. The successful candidate is likely to be over 35 years of age, a qualified accountant and someone who is able to demonstrate strong commercial management experience allied with an exposure to financial institutions. You will also possess commercial flair, incisive business judgement and strong interpersonal skills.

The company's plans for the future along with the scope and prospects of the role make this an outstanding opportunity.

Interested candidates should forward a full Curriculum Vitae to Peter Nicholls, ACMA at Carriban Nicholls, Charles House, Great Charles Street, Birmingham B3 3ET (fax number 021 233 0398) or telephone him on 021 233 9323.

carriban nicholls
FINANCIAL
RECRUITMENT CONSULTANTS

FINANCE DIRECTOR

Greater Manchester

c.£33,000 + Car

LEISURE INDUSTRY

A career entry point into a fast moving subsidiary of one of the UK's most exciting and successful public groups. An experienced and imaginative accountant is sought to fulfil a vital role in the progress of this subsidiary and the expansion of its businesses. With a turnover of £20m+ resulting from manufacturing, distribution and sales of leisure equipment, the company is a well-established market leader.

The requirement is for a qualified accountant (probably ACMA) with up to five years' post qualification experience. Suitable candidates must demonstrate the ability to:-

- Provide effective financial and commercial support to the M.D.;
- Think globally and focus on essential detail;
- Introduce a production costing system;
- Update existing computer systems.

Initial interviews will take place in Manchester on 25th July. Suitable candidates should telephone Graham Palfrey-Smith, Deputy Managing Director, on 071-629 4463, (evenings and weekends 081-460 8079) for more information.

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
Cardinal House, 39-40 Albemarle St., London W1X 3PD. Tel: 071-629 4463
LONDON · READING · GUILDFORD · ST ALBANS · BRISTOL

Systems Accountant

c£32,000 + Car
Graduate 2(i) ACA's

This group has a turnover in excess of £1 billion and a progressive profits record generated by a number of successful business sector Divisions which are strong in Europe, the Far East and the USA in addition to the UK.

The client has a very high calibre, well organised and respected finance function, which is recognised as an important element in the financial success of the Group. The systems accounting role provides good visibility and is regarded as a useful entry point to the team for a graduate chartered accountant with about 2 years post qualification experience and a flair for systems.

The initial tasks, as a key member of the financial systems development team, will involve redefinition of the Group reporting systems and agreeing software changes in line with changes in Group structure and advances in planning, budgeting and reporting requirements; working with the businesses on the interface with their systems; contributing to the Group's systems policy; documenting current systems and resolving issues; and managing current systems and LANs.

Applicants should be top ranked graduate chartered accountants trained by one of the major international audit firms. In addition to experience of medium to large package based systems, PC literacy including spreadsheets, graphics and databases is required. Clear and concise communication skills are essential. Financial careers are actively managed within the Group and there are excellent medium term prospects. Age guide - late 20s. Location - Central London.

Please apply in confidence quoting Ref. L483 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

Price Waterhouse

EXECUTIVE SELECTION

Financial Controller

c. £55k plus car £2 mortgage subsidy Stevenage, Herts

This is a prestigious and well known financial institution with assets in excess of £7 billion. They are now seeking a senior finance professional who, as a member of the Executive Management Team, will provide financial advice to the Executive Directors and also contribute generally to the overall corporate and strategic development of the business.

Reporting directly to the CEO, and liaising with all departmental heads as necessary, you will be responsible for the day-to-day management of a team of 38 located at the main administration centre in Stevenage.

You should be qualified and ideally

CA. Financial sector experience is not essential, although clearly a background in the service sector would be useful. Sound computer literacy (especially using spreadsheets), strong exposure to tax, and a keenly proactive commercial interest and awareness are sought. Critical, however, will be experience at a senior level and as a central point in an organisation, in order to have generated the personal stature, confidence and credibility to take on this high profile role.

Practical, committed, highly focused, a logical mind, an incisive and succinct approach to problems, and an able manager - these are the

qualities we seek. In return, the scope of this position is not to be underestimated - this is a large and challenging role, with the opportunity to play a key part in the future development of the business.

If you would like to discuss this further, please call Hamish Davidson on 071 999 6312. Alternatively, write in confidence with full CV, quoting reference H/1167 and current salary to: Executive Selection Division, Price Waterhouse Management Consultants, Milton Gate, 1 Moor Lane, London EC2Y 9PB. Fax: 071 638 1358

Financial Controller

U.S. Group with worldwide interests plans new manufacturing operations in Poland.

WARSAW

Excellent
Ex-Patriate
Package

This apparel group with worldwide sales in excess of \$4 billion is currently implementing plans to establish a manufacturing/marketing subsidiary in Poland.

From a start up situation plans are to attain a turnover of \$ U.S. 40m and employ in excess of 1,000 staff. As part of the management team and reporting to the local General Manager you should have:

- a recognised accounting qualification together with a hands on practical approach
- the ability to work closely with management using initiative to influence and develop corporate systems
- excellent management skills, a creative mind with an ambition to succeed

Above all, you must have the ability to train and teach locally employed nationals to a position where they can assume responsibility for various parts of the finance function.

This is an excellent opportunity for a person who can demonstrate clear management ability and have the initiative and drive to succeed in a highly motivating and international environment. Prospects for achievers within this group are outstanding.

Interested candidates should write in confidence to: Nicholson International (recruitment consultants), Imperial Buildings, 48/56 Kingsway, London WC2B 6DX, quoting reference 9250, or fax details on 44 71 404 8128 or contact 44 71 404 5501 for an initial discussion.



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Pour de plus amples renseignements, veuillez contacter:

STEPHANIE SPRATT 071 873 4027

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EUROPE'S BUSINESS NEWSPAPER

Group Taxation Manager

c£40,000 + Car

Our client is a substantial UK quoted manufacturer with a turnover comfortably in excess of £500 million. In addition to a strong position in UK markets the Group has overseas activities which are mainly based in Europe and North America.

Whilst the Group Taxation Manager will monitor the overall Group structure and advise on the financing and organisation of the Group's international affairs the main thrust of the role in the immediate future will be to ensure effective and economical compliance across the full range of UK and overseas taxes. There is a small department to organise and manage.

Applicants should be graduate accountants/taxation specialists with a minimum of 5 years experience in a significant international business, who can demonstrate that they are ready to move up to the top position in this scale of business.

The Group Headquarters is easily accessible from the southern leg of the M25 and there is in any event a relocation package available if necessary.

Please apply in confidence quoting Ref L484 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

**Mason
& Nurse**
Selection & Search

BUSINESS ANALYST

Essex/Herts borders

Longman is one of the world's leading publishing groups and a major company in the information and entertainment sector of Pearson plc.

The Business Analyst will report direct to the Finance Director of Longman Group UK. He or she will provide a service to several of the publishing businesses in the Group, assessing new business opportunities and acquisitions and contributing, through investigation and appraisal, to the enhancement of business performance.

This is a high profile role providing the opportunity to influence decision making and strategy at a senior level.

The successful applicant will be a graduate accountant or MBA, probably in their late 20's, and someone with proven commercial experience and excellent communication and interpersonal skills.

Please write enclosing a cv and daytime telephone number to: Judy Little, Human Resources Director, Longman Group UK Ltd., Longman House, Burnt Mill, Harlow, Essex CM20 2JE.

Closing date for applications: Monday 29th July 1991.

LONGMAN GROUP UK

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APPOINTMENTS WANTED

SENIOR FINANCIAL MANAGER

FCMA

International, US and European experience.
Hands on motivating manager, experienced in leading finance, treasury and MIS functions.
Looking for consultancy or permanent role in growing or turnaround situation.
Flexible location, prepared to travel.

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Gearing up for change.

FINANCIAL CONTROLLER
PACKAGE TO £40K

The opening of European markets and completion of the Channel Tunnel are set to create major new opportunities for growth. Supported by potential investment of £250 million over the next 3 years, Railfreight Distribution is uniquely positioned to exploit each opportunity to the full.

We're looking for a seasoned professional who can help us achieve our goal. As part of our senior financial management team, you'll have considerable influence over our future success. Directing all our financial processes and procedures, you'll provide a secure financial base from which the entire organisation can be managed.

In addition to controlling the maintenance of our records and processes, you will also ensure that procedures are determined and set in place to cover every aspect of our financial affairs - particularly invoicing and credit control - and arranging training where necessary.

You'll be liaising with financial and non-financial people at every level, so your technical expertise should be backed by personal credibility and the ability to manage change effectively. A qualified accountant with considerable experience at senior level, you'll need well-developed leadership skills, and you should be thoroughly experienced in heading a large, complex department.

You'll be consolidating all your skills and experience in a programme of immense challenge and importance. In return, we offer an excellent package which includes BUPA and free first class travel on British Rail.

Please write with your cv to Mr Joseph Collins, Development and Training Manager, Room 400A, Great Northern House, 79-81 Euston Road, London NW1 2RT.

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Railfreight Distribution



INVESTMENT EXECUTIVE

City

ACA

£ Negotiable

Candover Investments plc organises and invests in management buy-outs. Established in 1980 Candover has become a leader in its field with substantial funds available.

Candover is now seeking to recruit an executive to join their small but highly professional and experienced team.

Responsibilities will initially include:

- evaluation of buyout proposals
- assisting with price negotiations
- the financial structuring of buy-outs
- raising and negotiation of bank and other debt finance
- assisting with the legal aspects of acquisitions
- monitoring of investee companies including board representation

Having qualified with one of the 'big 6', the ideal candidate will have gained relevant experience within the profession either by secondment or special assignments in the corporate finance and/or venture capital fields.

Prerequisites for this challenging role are:

- outstanding academic record
- technical competence
- excellent presentation and interpersonal skills
- self-motivation and ambition
- determination and drive
- aged 26 to 33

Financial benefits will be negotiable depending on the experience to date. Interested applicants should write with their detailed CV to Mark Jolly at the address below:

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House, 1 Leicester Place, London WC2H 7EP
Tel: 071 437 0464 Fax: 071 437 0597

GROUP FINANCE AND ADMINISTRATION DIRECTOR

West Midlands

to £35k plus car

OUR CLIENT is a long established privately owned group involved primarily in Newspaper and Magazine Publishing and Travel. The Group is poised for continuing steady growth characterised by an innovative approach to new commercial opportunities and an open style of management.

THE ROLE of the Group Finance and Administration Director, reporting directly to the Chief Executive, is to manage the total financial and accounting function within the Group and to further develop its role and effectiveness. Of particular importance is the development of the computer applications within the trade functions of the Group. Also acting as Company Secretary the responsibilities will include some personnel and administration work.

THE REQUIREMENT is for a qualified accountant with strong commercial instincts and the inclination, energy and talent to support the business development of the Group working closely with the Chief Executive and Division Heads. Abilities of persuasion and diplomacy and leadership are, therefore, seen as important.

THE REMUNERATION PACKAGE is negotiable for the right candidate and will include a fully expensed quality motor car, private health insurance and a contributory pension scheme. Assistance with relocation will also be available where appropriate.

Please reply in complete confidence enclosing a CV and quoting reference No. 239 to: The Managing Director

Tanstead Associates Ltd

Executive Search & Selection

48 High Street North, Dunstable, Bedfordshire LU6 1LA

EUROPEAN FINANCE DIRECTOR HI-TECH U.S. CORPORATION

Excellent Package inc. relocation + car

Southern based

Our client is a major multinational organisation that has an expanding European business base. It is supported and managed through a multi-sited sales, marketing and support function run from the UK.

The organisation is commercially led, and as Finance Director you will report to the European General Manager with a strong dotted line relationship to the U.S. Corporate Controller. The role will encompass all financial reporting, MIS and taxation matters, in addition to responsibility for a fully staffed accounting function.

The successful candidate will be at ease in a matrix style of organisation and must be confident in managing change as the company grows and acquires broader interests. Candidates must have 10 years plus experience in financial management and be qualified accountants with strong analytical and problem solving skills and be familiar with the duties of a company secretary.

To discuss this opportunity further please call Stefan Ciecierski on (0273) 480088 until 7.30 pm weekdays or write/fax to the address below quoting reference: - 40181.

Initial interviews will be held in:

READING
6th August

ST. ALBANS
7th August

ERC House 32/33 North Street Lewes East Sussex BN7 2PQ United Kingdom
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Divisional Finance Managers are now required by a major multi-national, a world leader in its field. Part of a small team, these new positions arise from re-organisation and will report to Divisional Finance Directors variously responsible for turnovers ranging between £100 - £200m across a number of companies operating throughout Europe.

In addition to handling consolidations and implementing new systems, you will be expected to be proactive in contributing to commercial decisions, giving the job-holder a first class introduction to international manufacturing in a fast-moving customer-driven environment.

Either recently qualified or sitting finals, you will be technically confident and computer literate. At the same time you will have excellent communication and inter-personal skills with the belief that you possess a sure commercial touch.

The attractive benefits package includes relocation assistance where needed.

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TOWNROW**

• AND PARTNERS •
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To apply, please send your curriculum vitae to:
KEITH TOWNROW & PARTNERS, AZTEC CENTRE,
AZTEC WEST, ALMONDSBURY, BRISTOL BS12 4TD
TELEPHONE: 0454 614373 FACSIMILE: 0454 614700

FINANCIAL/MANAGEMENT ACCOUNTANT

West London

The British subsidiary of a French group which is one of Europe's leading transport companies, provides a complete range of transport services from five UK offices employing some 60 people.

Working closely with the MD and supervising the day-to-day operations of the Accounts Department, your responsibilities will include the preparation of monthly management reports and half-yearly and yearly

accounts for auditing, and budget preparation, monitoring and forecasting.

A qualified accountant, you must have at least three years' experience as a Financial Accountant or Controller in an industrial or commercial company.

Please send a full cv to F. Philibert, Ref: A/3275/ET, PA Consulting Group, 78 boulevard du 11 Novembre, 69626 Villeurbanne, Cedex. Tel: 33 78 93 90 63.

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BUSINESS ANALYSTS

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Our Client is one of the UK's largest household-name companies. With a diverse product range they are poised to further develop their domestic and international markets via both acquisition and organic growth.

The further development and implementation of these plans has created a number of new opportunities within the areas of planning and financial analysis. Principal tasks will concentrate upon the preparation and review of business plans including analyses of products, regions and competitors. The roles will be high profile, require a considerable degree of commercial insight and although varied will require certain common attributes:-

- Aged 25 to 30 years old.
- Qualified ACA/CIMA with a good examination record.
- Graduates preferably 21 degree or above.
- Well developed analytical and communication skills.

This is an excellent opportunity to join a prestige organisation at a key moment in its corporate development. Interested candidates should contact Charles Macleod at Robert Half, Freeport, Walter House, 418 The Strand, London, WC2R 0BR. Telephone 071-836 3545. Alternatively, fax your details on 071-836 4942.

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For specialist overseas estate agency, based in the South of England; trading in France, Spain, Portugal, USA, Eire (and generally "overseas"); dealing in professional estate agency/consultancy, primarily with freehold land and properties. Seeking part or full-time involvement of a finance-based business person to take an active role in the further development of a small and successful group of privately owned companies. Share option included in remuneration package. Please write or phone in the first instance, with full career details to ARB Personnel, 4 Rickett Street, London SW6 1RU. Telephone 0932 789894.

BACS provides an expanding Electronic Funds Transfer (EFT) service to our members, the major UK Financial Institutions and their corporate customers. Internal Audit is responsible to the Board within a high security organisation where the work of Internal Audit is accepted as a key factor in maintaining a secure and cost effective EFT service. This is a unique opportunity to join the largest Automated Clearing House (ACH) in Europe.

Senior Internal Auditor

The Department has a high profile and staff are expected to deal competently with senior management. The work is both challenging and varied. Due to the continued expansion we are looking to recruit additional senior staff whose duties will include responsibility for major operational audits and also the review of large new systems (experience of ICL and Tandem mainframe systems very desirable) under development. The successful applicant will also be expected to contribute in a positive way to the continued development of the department.

We are looking for a minimum of 5 years' experience in internal auditing which includes exposure to the area of major Systems Development Life Cycle audits. This background could equally well have been gained either in the private sector or in central/local government. You will be a graduate of a university within the EEC and hold the qualification of the UK Institute of Internal Auditors (MIA) or Chartered Institute of Management Accountants (CIMA). To fit into the existing team you should be in the age range 26 to 40.

Excellent benefits include:

- Non-contributory Pension and Life Assurance Scheme
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For an application form, please contact Sharon Palmer on 081-9517613 or write to her at: BACS Limited, Freepost, De Havilland Road, Edgware, Middlesex HA8 5BR.



FINANCIAL DIRECTOR

West Midlands

c. £50,000

Our client, an ambitious, profitable, national retailing group with over 100 outlets has grown significantly during the last decade and is committed to continue to become the dominant force in its chosen market sector.

This key appointment, reporting to the Chief Executive, will include responsibility for the entire financial management of the business.

Candidates, ideally younger than 40, will be qualified accountants, probably graduates, with substantial experience of financial management gained at Director level, in both large and medium sized companies within a fast moving environment.

The negotiable remuneration package for this senior position will include car, profit bonus, other benefits and relocation expenses, if applicable.

Please write in strict confidence providing full career details and present salary, quoting reference number 591 to the Selection Division of:-

DEVEN ANDERSON

INTERNATIONAL EXECUTIVE SEARCH

Berwick House, 35 Livery Street, Birmingham B3 2BP

Administration Director

With the vision, and verve, to grow with a fast expanding financial services centre **Luxembourg**

Our client is one of the foremost retail financial services Groups, with impeccable parentage and a total commitment to expansion in Continental Europe.

This new appointment, seen as critical to the success of such expansion, will provide an ideal opportunity for candidates looking for substantial autonomy, a multi-faceted role and a thoroughly professional environment. In return we are looking for flexibility, a multi-cultural understanding and, of course, energy - all of which will be required to enable you ensure that controls, computer systems and workflow match both increasingly large volumes and our clients exacting standards.

Ideal candidates, probably aged in their thirties (although we have no real prejudices), will have a proven background in administration within the broad financial services area. An accounting qualification would add weight to applications but is not essential and linguistic abilities, especially in French and German, would be of particular relevance. The willingness to adapt to a number of different cultures is crucial to the position.

This is a high-profile role and we will also be looking for presentational, negotiating and people management skills. The salary and benefits package, which will be tailored to the needs of the successful candidate, will reflect the importance placed on this appointment.

Please send full career details quoting Ref. A4090 to Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FR. Or alternatively, telephone 071-287 7007 during the working day or 0323 485580 in the evenings. Fax on 071-287 2391.

CJH Codd · Johnson · Harris

MILLIKEN

EUROPEAN CREDIT MANAGER

£24-£28,000

+ Car

+ Benefits

Wigan

With three locations in the UK, plus sites in Belgium, France and Denmark, Milliken Industrials Ltd are the European subsidiary of a large US company. Involved in the production of textiles and chemicals, they are at the forefront of technology in this field with the largest and most productive textile research facility in the world. Significant future growth, both organic and by acquisition, is anticipated.

Based at the European Headquarters your role will involve regular contact with major customers and the fine tuning of credit control procedures.

As an experienced Credit Manager you must possess first class communication skills. Although knowledge of another European language would be desirable, consideration will be given to other candidates with relevant experience.

Relocation assistance is available. For further details telephone David Byrne or Charlotte Abbott on 0204 27773 (daytime) or 0942 33757 (evenings/weekends). Alternatively post or fax your cv to: Accountancy Personnel, 45-47 Deansgate, Bolton, Lancs BL1 1HQ. Fax No. 0204 27416.

Accountancy Personnel

Hays

RECENTLY QUALIFIED ACCOUNTANTS LEISURE SECTOR

Group Accountant Central c£28,000

Expanding company with substantial European presence offer role involving management accounting, consolidations, statutory accounting and analysis. 2nd language or European interests advantageous.

Management Accountant W. London £27,500

Career role offering first opportunity to run own show. Reporting to M.D. of autonomous subsidiary, position entails control of accounting processes, systems development, budgetary control and year end reporting.

Contact Gordon Montgomery, BOND ACCOUNTANCY on 071 629 8863. Fax 071 408 0961. (Recruitment Consultants)

NEWLY QUALIFIED ACCOUNTANTS



After six months' training we'll be happy to see the back of you.

If you have the personal strengths and professional qualities to succeed in a career overseas, the leading international tobacco business offers superb training and many rewards. Within six months you'll have the expertise for your first international posting - and a package that includes an excellent salary, free accommodation and paid school fees.

Of course, the demands are great. As a young accountant you will be carefully groomed to run and then manage our business. Over a number of years, in different countries, you'll have to quickly acquire a unique corporate culture in environments as colourful as Asia, Africa, the Far East and the Americas.

Very few professionals can do it. To excel overseas you'll have to be technically outstanding, instinctively gregarious and socially skilled. When you're in your 30's, we'll expect you to be Financial Director of one of our 40 companies, contributing to a worldwide turnover that already exceeds £3 billion. With continual development, and a series of international postings, the highest positions in our overseas operation will be within reach.

If you're currently a graduate Accountant (CIMA or ACA) aged under 28, with the personal resilience, mature outlook and linguistic ability to succeed in our business, get going. Write in confidence with your CV to: Bianca Coulter, K/F Associates, Pepys House, 12 Buckingham Street, London WC2N 6DF.



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- The physical and psychological benefits of exercise.
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- The effect of staff health on company performance.
- The employer's role in promoting fitness.

Dr. Tunstall Pedoe is a senior lecturer and consultant cardiologist at St. Bartholomew's Hospital, Chairman of The British Association of Sport and Medicine and Medical Director

of the London Marathon. An author and contributor to various publications on exercise and health, Dr. Tunstall Pedoe also runs marathons.

The Espre Club is a new 28,000 sq. ft. Health and Fitness Club situated close to Tower Bridge and the World Trade Centre. Facilities include:- general exercise centre with extensive cardiovascular and variable resistance equipment, large exercise studio, relaxation pool, health & beauty clinic and cafe bar.

There will be an opportunity to try out the facilities at the Espre Club either before or after the breakfast.

Please note that places at the breakfast are strictly limited.

If you wish to attend the Fitness Breakfast or you wish to receive a complimentary booklet on "The Benefits of Regular Exercise" contact Rachelle Nelson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. (Telephone: 071-836 3545). When writing please indicate whether you will wish to make use of the club's facilities on the day.

Finance and Compliance Officer City £35,000 + Benefits

Dongsh International (Europe) Ltd is to be newly established as a wholly owned international subsidiary of Dongsh Securities Co. Ltd, which is a top ranking securities house in Korea. The company will be growing fast as a strategic centre for the expansion of international capital markets operations in Europe. The company now wishes to recruit a Finance and Compliance Officer.

This position will be expected to deal with all accounting operations while maintaining systems to ensure the relevant legal compliance requirements as currently given by SFA.

The ideal candidate will be a qualified accountant with some professional working experience gained in compliance. Personal qualities must include strong communication and administration skills, enthusiasm and the ability to help set up a new operation in a small team for a long-term career. Age will not be a significant factor, but the successful candidates are likely to be in their 20's-30's.

Please write in strict confidence with full personal, career and salary information to the address below.

Dongsh Securities Co., Limited 43 London Wall LONDON EC2M 5TB

GROUP FINANCIAL CONTROLLER

Northern Home Counties

With a turnover in excess of £300m this major UK printing and packaging group currently operates as a highly successful and profitable performer in a fiercely competitive market place. Anticipating continued expansion they now seek to strengthen their senior management team with the appointment of an outstanding Group Financial Controller.

The Group has adopted the highest standards of financial reporting and control which you will be expected to maintain and improve. Managing through 11 staff you will be responsible for the preparation and review of the Group's statutory and head office accounts, Group consolidation, treasury and the custodianship of the Group's accounting standards. In addition you will be expected to make a commercial input at Board level and to operate as a key link between 10 subsidiary financial directors and the Group financial function.

ACA c£50,000+Car+25% Bonus+Share Option

In your 30's or early 40's and a qualified ACA, you will probably be performing a similar role at a divisional level in a manufacturing, multi-site operation and will be now looking for a bigger challenge in a dynamic and fast moving organization.

Charismatic and capable of being developed into a Deputy Financial Director we are searching for a natural team leader able to influence and make an impact in an exciting yet tough environment. This represents a unique opportunity to impose your personality and skills within a highly ambitious results driven company.

The package will include a competitive base salary, fully expensed company car, bonus, equity participation and other senior executive benefits. If you feel you have the qualities that this company are looking for please write to Simon Hewitt, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464 Fax: 071-437 0597

GROUP CASHIER NORTH LONDON

Growing merger and acquisition group requires a capable, experienced, innovative, computer literate person for management of the Group's cash resources and borrowings on a day-to-day basis, securing optimum deployment of the Group's funds and borrowing facilities, preparing daily rolling cash forecasts, arranging direct bank transfers, documentation and control of Bills of Exchange and Letters of Credit, all aspects of effecting movements of funds and of obligations to banks and other financial institutions.

Secondary function will be general financial accounting work.

Non-smoker - Excellent salary

CV please to The Company Secretary, Orbro, PO Box 180 London N2 9DW

SENIOR FINANCIAL MANAGEMENT

Create Change - Generate "Bottom Line" Impact
Northern Home Counties

Our client is the major operating subsidiary within a recently formed group of electronics companies, which is itself owned by a major plc. This subsidiary with a turnover in excess of £150m, is undergoing substantial change, following the appointment of a new management team with the responsibility for generating new business opportunities, profitable growth and a major change in culture to a more participative and proactive style of management. In addressing the financial management needs of the business, the Group Finance Director has identified an immediate need for two key positions:

FINANCIAL CONTROLLER

Aged 32-42 £42,500-£47,500 + car

- You will be the primary financial interface with operational management, requiring considerable commercial contribution to business performance and efficiency, in order to maximise "bottom line" returns.
- This is a high profile role, requiring strong, persuasive communication skills. Developing your team will require a high level of motivation and strong leadership.
- Reporting to the Group Finance Director, you will have staff responsibility for a substantial team - many of whom will be qualified accountants.
- Responsibilities will include:
 - Strategic 5 Year Plan
 - Annual Budget
 - Monthly Forecasts
 - Financial Analysis
 - Multi Divisional Reporting
 - Project Accounting
- Short term prospects to head up the total finance function for this substantial subsidiary.

MANAGEMENT ACCOUNTING MANAGER

Aged 28-35 £28,000-£35,000 + car

- The main features of this role are:
 - To provide the financial input to the strategic planning process.
 - To coordinate all aspects of the annual business budget.
 - To establish forecasting disciplines and procedures in support of the trading divisions.
 - To ensure the timely provision of monthly Management Accounts for all trading divisions.
 - To create and maintain competition intelligence and key performance comparisons.
 - To manage a small quality team.

For both positions you will be a qualified accountant, preferably ACMA, with experience in a significant electronics manufacturing environment. Exposure to a disciplined, professional and demanding financial function is essential, with the emphasis on being proactive rather than reactive.

Interested applicants are requested to send their resumes to: Wayne Thomas, Wheale Thomas Hodgins PLC, 9 Upper Street, College Green, Bristol BS1 3BH.

WHEALE THOMAS HODGINS PLC

Set new standards through audit in a £multi-million group

London or
Midlands
c£30k

As part of an expanding function, you will be responsible for the planning and performance of a Systems Based Audit Programme for up to four divisions. You will also be expected to develop accounting and control standards for the Group and positively contribute to systems development. Success will depend on your quickly winning the respect of Divisional Finance Directors and Senior Managers, with whom you will work, and being tactful and persuasive when introducing change.

You are likely to have 3 years' post-qualification experience (ideally in a retail company) which will mean you're familiar with computerised financial systems and adept at communicating with people at all levels.

The knowledge that you will gain of our client's business make it likely that you will progress into a financial management role either in the divisions or their head office within 2/3 years.

The importance of the role is reflected in an excellent salary and benefits package, full details of which can be obtained by sending your cv quoting reference S3202/6 to The Response Bureau, Barkers LBW Human Resources Advertising Limited, 30 Farringdon Street, London EC4A 4EA.

Please list separately any companies to whom your application should not be forwarded.

Barkers LBW

Financial Controller

c. £30,000
plus car

Cardiff

Forthright Finance Ltd is the instalment credit arm of Bank of Wales, a rapidly growing member of the Bank of Scotland Group. With branches throughout England and Wales, we have embarked on a period of exciting and substantial growth.

Reporting to the Assistant Managing Director, you will lead the financial team through this expansion by providing financial information and support to Senior Managers and you will be able to handle complex issues in a demanding and changing environment.

A qualified accountant, more than likely in your thirties, you must have a proven track record in industry or commerce. Whilst a knowledge of credit finance, computer based MIS and acquisitions would be useful, the ability to implement effective cost controls and establish your credibility at board level is crucial. First class communication and interpersonal skills are essential.

In return, we are offering a competitive salary, fully expensed car, mortgage subsidy and other benefits normally associated with a leading finance company.

To apply, please write for an application form enclosing a self addressed envelope to: Group Personnel Manager, Forthright Finance Ltd, Kingsway, Cardiff CF1 4YB.



FORTHRIGHT
FINANCE LTD

FINANCE CONTROLLER

International Consumer Personal
Care Products Company

To £45K + Bonus + Car & Excellent Benefits - Thames Valley

Our client, a successful British plc with a turnover of £150 million, has operations throughout Europe, the Far East and Australia that market a quality range of branded products.

The position reports to the Group Finance Director and provides the usual financial input for a plc of this size together with having genuine scope to make a significant contribution to the commercial and strategic direction of the business. Candidates aged early 30's should be qualified ICMA or ICA and ideally be

graduates. A minimum of five years' experience in a variety of roles within a consumer orientated business or alternatively audit with extensive commercial involvement is essential. You should be able to demonstrate a successful track record to date and be outgoing, flexible and pragmatic. Career opportunities within the group are excellent.

Send a full CV, quoting ref: 390, to T.L. Roberts, Director, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

Retail Jewellery Company

require Qualified Chief Accountant for rapidly expanding operation located in the Surrey Area. Salary £30,000 plus car (negotiable). Please send CV to: Paul Collin FCA FMCB Management Consultants Ltd, Hathaway House, Popes Drive, Finchley N3 1QF

Whether you need one graduate or a hundred you will be after the best prospects, and your best prospect for reaching them is by advertising in the Financial Times Career Choice Guide. The chances of you attracting the best candidates this year are not better simply because there will be more graduates chasing less jobs.

The fact is, the best prepared prospects will still choose the jobs and companies they want, rather than the other way round.

"Career Choice" - the F.T.'s guide for find year undergrads, is an important part of the preparation. Over 100,000 copies of the guide (one for every final year student) will be distributed on Campus in October. It is also in the F.T. on October 17th so that parents can also ensure it reaches the right audience.

For synopsis and rate card call Richard Jones on 071-873 3460 or fax 071-873 3065

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Finance & Administration Manager

United Arab
Emirates

Attractive Remuneration
Package

A large diversified company, which has been established in the U.A.E. for over twenty years and is a part of a multinational group, needs to recruit a suitably qualified person for its local head office. The company's activities include shipping services, offshore maintenance, towage and salvage, engineering and construction, ship repairs and catering.

The responsibilities of the Finance and Administration Manager cover financial accounting, credit accounting, purchasing and administration. Previous Middle East experience is essential for this position.

An attractive salary together with excellent expatriate benefits are offered. Qualified candidates, probably aged 35-40 years, interested in the position, who have the necessary qualifications, should forward a detailed curriculum vitae by 27 July 1991 direct to: Mr David Percy, Ernst & Young, PO Box 9262, Dubai, United Arab Emirates. Fax: Dubai (9714) 374999.

ERNST & YOUNG

Financial Controller

European subsidiary of a US company operating in a
fast moving consumer service sector

Thames Valley

To £40,000 + Car

Reporting to the European Managing Director, you will be responsible for all aspects of the finance function, including US and local European management reporting, statutory compliance together with a major emphasis upon the development of a systems infrastructure suitable to support the company's strong growth plans. The pan European nature of the business involves the management of complex multi-currency transactions.

The company's European headquarters were previously based in continental Europe and an early priority will be the recruitment of a small UK based department and managing the process of transfer to the UK. As a member of the senior management group you will also be expected to contribute to the overall development of the company's European strategy.

We would like to talk to those who offer a minimum of five years post qualifying experience in roles involving multi-currency responsibility and systems development in a culture characterised by rapid change and high natural pace. We are seeking those who combine good technical finance skills with a flexible management approach and a strong measure of personal initiative.

My client offers a fully competitive employment package. The role will involve an element of European travel.

Applicants of either sex should apply in confidence, to Michael Johnson on (0962) 844242 (24-hour service) or write to Johnson Wilson & Partners Ltd, Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX quoting ref: 223J.



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